

# Memo

**To:** Bryan Croll, Finance Committee

**2.6**

**From:** Rosemary N. Ryba, Treasurer

**CC:** Board of Trustees, Village President

**Date:** August 21, 2015

**Re:** Procurement Policy

---

Pursuant to the 2<sup>nd</sup> Quarter Finance Committee Meeting, the attached Procurement Policy was prepared formalizing the procedures the Village has in place as recommended for adoption at the advice of auditors Sikich, LLP for the August 24, 2015 BOT Meeting.

**Village of Barrington Hills**  
**Procurement Policy and Procedures**  
**Adopted August 24, 2015**

**A. Purpose**

The purpose of this policy is to provide the Village of Barrington Hills' staff with guidelines and directions for the acquisition of goods and services. When used with good judgment and common sense, the policies and procedures conveyed within will allow the Village to obtain required supplies and services efficiently and economically.

Employees are expected to read this policy and provide the Finance Chairman with feedback regarding the policies and procedures contained within. This policy 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 practices, it does provide general guidelines for purchasing activities. Employees who need help dealing with specific situations not covered by the manual should contact the Village Treasurer for assistance.

The Village Administrator, or his designee, shall be the final authority with regards to enforcement of any of the provisions of this policy. Failure to follow the procedures outlined in this policy may lead to disciplinary action.

**B. Code of Ethics**

All Village 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 Village and the residents of Barrington Hills. Village employees shall strive to:

- Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations and Village policies.
- Maintain confidentiality at all times.
- Not accept gifts or favors from current or potential suppliers, which might compromise the integrity of their purchasing function.
- Purchase without favor or prejudice.
- Ensure that all potential suppliers are provided with adequate and identical information upon which to base their offer or quotation.

**Village of Barrington Hills**  
**Procurement Policy and Procedures**  
**Adopted August 24, 2015**

**B. Code of Ethics (Continued)**

- Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

It shall be the responsibility of the Village Administrator to determine if a violation of this Code of Ethics has occurred and if disciplinary action is necessary.

**C. Conflict of Interest Policy**

Except as may be disclosed to and permitted by the Village Board, 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 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 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 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 Village Administrator to determine if a violation of this Conflict of Interest policy has occurred and if disciplinary action is necessary.

**Village of Barrington Hills**  
**Procurement Policy and Procedures**  
**Adopted August 24, 2015**

**D. Gifts and Gratuities – Village Guidelines for Accepting**

Village 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 Village policy to observe the highest standards of ethics and to shield the employee, the Village 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 Village, or prejudice the Village's reputation. Expenditures of Village funds to vendors shall not by intention personally benefit any person employed with the Village. 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 Village policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy are acceptable. Promotional 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 obligation.
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 Village.
4. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors is normally prohibited. However, the Village Administrator may approve exceptions.
5. Corporate discounts granted to Village employees are acceptable only if they are offered to all Village employees and other corporate clients of the vendor.

If in any doubt about the propriety of accepting a gift, the matter should be referred to the Village Administrator or his designee.

**Village of Barrington Hills**  
**Procurement Policy and Procedures**  
**Adopted August 24, 2015**

**E. General Purchasing Procedure and Responsibilities**

1. The Village Board adopts an appropriation for the fiscal year.
2. Purchases of goods/services for budgeted items may be ordered with Supervisor or Department Head approval provided that expenditures do not exceed the amount available in the appropriation.
3. The level of appropriated authority (the level at which expenditures cannot legally exceed the budget) granted to the Village Treasurer is established at the individual fund level.
4. The Administration Department must document initiation of purchase request with Village Administrator's approval to the Treasurer and be reviewed and signed by the initiator or Village Administrator.
5. Approved invoices are forwarded by Police Department to the Treasurer for inclusion in the Bills for Approval List approval process. Invoices should be submitted to the Treasurer on a regular basis as received.
6. The Treasurer reviews invoices received for review and signature of Supervisor or Department Head on invoice. Certain recurring invoices (e.g., contract amounts, utilities) do not need to be returned for approval.
7. Checks are processed on a monthly basis. Certain manual checks get approval by the Finance Chair prior to issuance in order to avoid finance charges/late fees prior to monthly Board Meeting processing.
8. All properly approved invoices are then compiled by the Treasurer on Bills for Approval open invoice list for Board approval which is included in the agenda packet for the Board Meeting.
9. The Board approves the Bills for Approval open invoice list as well as manual checks approved for issuance by the Finance Chair for the previous month at the Board Meeting

**Village of Barrington Hills**  
**Procurement Policy and Procedures**  
**Adopted August 24, 2015**

**F. Manual Checks**

Occasionally, a need will arise for a check to be prepared manually outside of the normal claims list process. These manual checks are needed when a check has to be remitted prior to the next Board Meeting list process. The Village's policy is to keep requests for manual checks at a minimum. Common items for which manual checks can be prepared include 1) Payroll related checks; 2) Police Pension contribution 3) Late notification of seminar registrations or late decisions to attend; 4) Unavoidable cash on delivery transactions; 5) Board approved contractual obligations requiring check; 6) Emergency purchases, 7) Agreed to arrangements pre-approved by the Village Administrator with vendors, 8) Situations which will significantly impair the Village financially if a check is not prepared; and 9) Situations which would significantly impair the Village's operations if a check is not prepared.

The Treasurer will process manual checks as necessary. The Treasurer may authorize a non-emergency related check in situations where immediate issuance of the check is needed to prevent an adverse impact on the Village. The Supervisor or Department Head must submit a written request for a manual check to the Village Treasurer. All manual checks are to be approved by the Finance Chairman and Village Treasurer. In the Finance Chairman's absence the Village President may approve manual checks. Departments will have to demonstrate that a manual check fits one of the above criteria.

Once a check is prepared, reporting to the Board via manual check memo and report by the Treasurer will take place through the first following bills for approval process which corresponds to the manual check reporting date.