



SECTION II

SOURCES OF AUTHORITY: POLICIES, PROCEDURES, AND ETHICS

This section offers suggestions for policies and procedures designed to assist purchasing officials and school boards in developing ethical procurement practices. Each suggestion should be given careful consideration and legal review prior to implementation.

A. BOARD POLICIES

1. Purchasing authority should be centralized under a purchasing official. The purchasing official establishes efficient, uniform procurement procedures within the institution.
2. The purchasing official will act as an agent of the institution within the limits prescribed by law and in accordance with board policy.
3. The board has the ultimate authority and responsibility to authorize and approve all purchases.
4. The purchasing official's primary goal is to provide an uninterrupted supply of materials and services to the institution while securing the greatest value for each dollar spent.
5. To meet the needs of the institution and provide the greatest value, the purchasing official shall attempt to standardize and consolidate purchases.

B. ADMINISTRATIVE REGULATIONS

1. General

- a) The purchasing department shall conduct all purchasing transactions for the institution.
- b) The purchasing department will establish practical and efficient office procedures, reports, records, and systems that provide efficient acquisition of supplies, equipment and services for all programs.
- c) The purchasing department will maintain a vendor database to assist with procurement, which may include current trade catalogs.
- d) The purchasing department will maintain a system of warehouse inventory control and account for available equipment and supplies.
- e) The purchasing department will coordinate the disposal of surplus and obsolete property.

2. Staff Relations

- a) Requests for purchases shall be made through the purchasing department
- b) All formal communications with vendors will be conducted through the purchasing department.
- c) In discussions with vendors, employees are reminded that only the purchasing department has the authority to commit the expenditure of board funds for supplies, equipment and services.
- d) Purchases from employees or their immediate family are prohibited.
- e) The purchasing department will strive to increase its knowledge of equipment, materials, services, sources, prices, and processes as they relate to specified supplies, equipment and services.
- f) It is the responsibility of each end user to request the quality and quantity of supplies, equipment and services required, as well as any time constraints.

C. ETHICS

Ethics in purchasing includes the use of appropriate business practices and the fair and uniform treatment of all vendors and business contacts. Listed below are suggested behaviors that should always be followed by purchasing officials when dealing with business associates.

1. Primary consideration must be given to the institution.
2. Strive to obtain the maximum value for each dollar expended.
3. Decline all personal gifts and gratuities.
4. Grant all competitive suppliers equal consideration insofar as state statute and institutional policy permit.
5. Conduct business with potential and current suppliers in a professional atmosphere of good faith.
6. Demand honesty in sales representation whether offered in verbal or written statements.

7. Make every reasonable effort to negotiate an equitable and mutually beneficial settlement of any controversy.
8. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business.
9. Foster fair, ethical and legal trade practices.

(The above was partially derived from the Code of Ethics published by the National Association of Educational Buyers.)

D. OFFICIALS AND EMPLOYEES ETHICS ACT

1. 5 ILCS 430-1-1 et seq

The State Officials and Employees Ethics Act, requires schools and colleges to adopt an Ethic Ordinance similar to the State Act. Section 5-15. The Act prohibits the following political activities:

Prohibited political activities.

- (a) State employees shall not intentionally perform any prohibited political activity during any compensated time (other than vacation, personal, or compensatory time off). State employees shall not intentionally misappropriate any State property or resources by engaging in any prohibited political activity for the benefit of any campaign for elective office or any political organization.
- (b) At no time shall any executive or legislative branch constitutional officer or any official, director, supervisor, or State employee intentionally misappropriate the services of any State employee by requiring that State employee to perform any prohibited political activity (i) as part of that employee's State duties, (ii) as a condition of State employment, or (iii) during any time off that is compensated by the State (such as vacation, personal, or compensatory time off).
- (c) A State employee shall not be required at any time to participate in any prohibited political activity in consideration for that State employee being awarded any additional compensation or employee benefit, in the form of a salary adjustment, bonus, compensatory time off, continued employment, or otherwise.
- (d) A State employee shall not be awarded any additional compensation or employee benefit, in the form of a salary adjustment, bonus, compensatory time off, continued employment, or otherwise, in consideration for the State employee's participation in any prohibited political activity.

(e) Nothing in this Section prohibits activities that are otherwise appropriate for a State employee to engage in as a part of his or her official State employment duties or activities that are undertaken by a State employee on a voluntary basis as permitted by law.

(f) No person either (i) in a position that is subject to recognized merit principles of public employment or (ii) in a position the salary for which is paid in whole or in part by federal funds and that is subject to the Federal Standards for a Merit System of Personnel Administration applicable to grant in aid programs, shall be denied or deprived of State employment or tenure solely because he or she is a member or an officer of a political committee, of a political party, or of a political organization or club.

2. 5 ILCS 430/10 Gift ban

Sec. 10. Gift ban. Except as otherwise provided in this Act, no member, officer, employee or judge shall solicit or accept any gift from any prohibited source or in violation of any federal or State statute, rule, or regulation. This ban applies to and includes spouses of an immediate family living with the member, officer, employee, or judge. No prohibited source shall offer or make a gift that violates this Section.

3. 5 ILCS 430/10-10

Sec. 10-15. Exceptions. The restriction in Section 10-10 [5 ILCS 430/10-10] does not apply to the following:

- (1) Opportunities, benefits, and services that are available on the same conditions as for the general public.
- (2) Anything for which the officer, member, or State employee pays the market value.
- (3) Any (i) contribution that is lawfully made under the Election Code or under this Act or (ii) activities associated with a fundraising event in support of a political organization or candidate.
- (4) Educational materials and missions. This exception may be further defined by rules adopted by the appropriate ethics commission or by the Auditor General for the Auditor General and employees of the Office of the Auditor General.
- (5) Travel expenses for a meeting to discuss State business. This exception may be further defined by rules adopted by the appropriate ethics commission or by the Auditor General for the Auditor General and employees of the Office of the Auditor General.

(6) A gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.

(7) Anything provided by an individual on the basis of a personal friendship unless the member, officer, or employee has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the member, officer, or employee and not because of the personal friendship. In determining whether a gift is provided on the basis of personal friendship, the member, officer, or employee shall consider the circumstances under which the gift was offered, such as:

(i) the history of the relationship between the individual giving the gift and the recipient of the gift, including any previous exchange of gifts between those individuals;

(ii) whether to the actual knowledge of the member, officer, or employee the individual who gave the gift personally paid for the gift or sought a tax deduction or business reimbursement for the gift; and

(iii) whether to the actual knowledge of the member, officer, or employee the individual who gave the gift also at the same time gave the same or similar gifts to other members, officers, or employees.

(8) A Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to eat and delivered by any means.

(9) Food refreshments, lodging, transportation, and other benefits resulting from the outside business or employment activities (or outside activities that are not connected to the duties of the officer, member, or employee as an office holder or employee) of the officer, member, or employee, or the spouse of the officer, member, or employee, if the benefits have not been offered or enhanced because of the official position or employment of the officer, member, or employee, and are customarily provided to others in similar circumstances.

(10) Intra governmental and inter governmental gifts. For the purpose of this Act, “intra governmental gift” means any gift given to a member, officer, or employee of a State agency from another member, officer, or employee of the same State agency; and “inter governmental gift” means any gift given to a member, officer, or employee of a State agency, by a member, officer, or employee of another State agency, of a federal agency, or of any governmental entity.

(11) Bequests, inheritances, and other transfers at death.

(12) Any item or items from any one prohibited source during any calendar year having a cumulative total value of less than \$100.

Each of the exceptions listed in this Section is mutually exclusive and independent of one another. (Source: P.A. 93 617, eff. 12/9/03.)

E. BID STRINGING

Effective January 1, 1999, the Illinois Criminal Code was amended to define “Stringing” and make the act of stringing punishable by law. Stringing means “knowingly structuring a contract to avoid the contract being subject to competitive bidding requirements.” 720 ILCS 5/33E-2(i-5).

“No person for the purpose of evading the bidding requirement of any unit of local government or school district shall knowingly string or assist in stringing, or attempt to string any job order with the unit of local government or school district. A person who violates this section is guilty of a Class 4 felony.” 720ILCS 5/33E-18.

F. VENDOR RELATIONS

When the purchasing official meets possible suppliers they shall be courteous. They are responsible for conveying a positive image of the institution to suppliers, recognizing that purchasing is often selling. The purchasing official shall conduct business in a dignified, gracious, ethical manner at all times with all suppliers.

Visits shall be promptly acknowledged and interviews granted or not, depending upon the circumstances. Purchasing officials are not required to put their time absolutely and indiscriminately at the disposal of all vendors, however frequent or at whatever time or mission they may be calling.

The purchasing official or any members of the institution shall not solicit funds or materials from vendors for any purpose or publicly endorse or promote commercial products.

The institution shall not extend favoritism to any vendors. Each order shall be placed on the basis of quality, price, and delivery with past service being a factor only if all other considerations are equal.

All letters, telephone calls, and other types of communications shall be answered or acknowledged promptly.

Before asking (or permitting) a vendor to do any work such as measuring, demonstrating, preparing specifications, etc., it should be clear that the institution will:

- Solicit formal bids for purchases exceeding \$25,000 and, at the discretion of the purchasing official, on purchases under \$25,000 (\$50,000 for construction renovation repairs).
- If possible, secure at least three competitive quotes on any purchase that requires special effort on the part of the vendor.

Vendors should be made aware of the board policy prior to their involvement.

All employees shall refrain from endorsement of any product or service in such a manner that will identify them in any way as an employee of the institution.

Originators of purchase requisitions are encouraged to treat all vendors in a courteous and ethical manner by:

1. Giving all salespeople a full, fair, prompt, and courteous hearing on any subject that is justified by the nature of their products.
2. Keeping competition open and fair.
3. Declining to take advantage of seller's errors.
4. Insisting on receiving the best price first and holding the vendor to it.
5. Keeping specifications fair and clear while avoiding impractical or unnecessary specifications.

6. Avoiding the rejection and return of items for petty reasons.
7. Observing strict truthfulness in all transactions and correspondence with salespeople.
8. Keeping free from obligation to any vendor.
9. Answering correspondence promptly.
10. Maintaining an efficient and accurate follow-up system.