



MEMORANDUM

TO: Joint Committee on Government Reform

FROM: Central Management Services

DATE: March 31, 2009

SUBJECT: Overview of State Procurement

The Illinois Procurement Code establishes a framework to uphold the principles of competitive bidding and economical procurement practices. It governs all procurements except in nine (9) instances:

1. Intergovernmental Contracts
2. Grants
3. Purchase of Care
4. Employee hiring
5. Collective Bargaining Contracts
6. Purchase of real estate
7. Contracts in anticipation of litigation
8. Contracts for independent contractor services for Northern Illinois University
9. Procurement expenditures made from private funds by the Illinois Conservation Foundation

The Procurement Code applies to all State agencies, boards and commissions in the executive branch and includes the public institutions of higher education. The Code does not apply to procurements made by the Legislative or Judicial branches of State government, or to procurements made by the other Constitutional Officers. However, the other Constitutional Officers must procure their needs in a manner substantially in accordance with the requirements of the Procurement Code.

Procurement Authority

Five (5) Chief Procurement Officers (CPOs) are created to oversee all State procurements. The CPOs and the specific procurements they oversee are as follows:

1. Illinois Department of Transportation—road Construction and Construction-related services
2. Capital Development Board—building Construction and Construction-related services
3. State Universities—all procurements for the public institutions of higher education
4. Illinois Power Agency—all procurements for the Illinois Power Agency
5. CMS—all other procurements, except those made by other Constitutional Officers, the Legislative Branch and the Judicial Branch.

Each agency has a State Purchasing Officer (SPO), who is responsible for the agency's procurements. Each SPO is recommended by the respective agency Director and approved and appointed by the CMS CPO.

Procurement Methods

Most procurements are done through competitive bidding by one of two methods:

- **Competitive Sealed Bidding (Invitation for Bids)**—the lowest priced responsible bidder that meets the specifications is awarded the contract.
- **Competitive Sealed Proposals (Request for Proposals)**—vendors are ranked on the basis of a qualitative review and on price. The vendor with the most overall points based on quality and price is awarded the contract.

Additionally, the Procurement Code provides for the following methods of source selection:

- **Small Purchase**—used to procure Supplies and Services less than \$32,600, Construction and Construction-related services less than \$39,000, and Professional and Artistic Services less than \$20,000. All small purchases done under CMS jurisdiction are set aside for vendors in the Small Business Program.
- **Sole Economically Feasible Source**—used when a Supply or Service is only available from a single supplier or the supplier is the only economically feasible source of the Supply or Service.
- **Emergency Purchases**—used to procure a Supply or Service when there is a threat to public health or safety or when an immediate expenditure is necessary for repairs to State property.

Procurement Preferences

There are currently 19 statutory preferences in the award of contracts. For example:

- **Resident Bidders**—preference to Illinois bidders against non-resident bidders located in states that give preference to their residents.
- **Sheltered Workshops for the Disabled**—provides for procurements that can bypass the usual competitive bidding process if purchased from entities that have been certified by the Illinois Department of Human Services as meeting their standards for rehabilitation facilities.
- **Small Business**—currently all contracts under \$50,000 and all contracts for 64 enumerated categories regardless of price.
- **Businesses Owned and Controlled by Minority, Female and Persons with Disabilities**—a statutory goal of 12% of State contracts should be awarded to minority and female-owned businesses. The BEP Council has, by resolution, increased the goal to 19%.

Public Procurement Oversight

Protests are the public's way to oversee the procurement process. CMS legal is the protest review office for all procurements conducted by CMS and any procurement activity for which one of the other CPOs determines that CMS should respond.

Protests that are received in a timely manner are considered by the protest review office, in collaboration with the purchasing agency. During that time, the award of the contract is held until the protest is resolved. A final statement of whether the protest is upheld or denied is sent by the protest review office to the protesting party.