I. **POLICY**

A. **Authority**

Illinois Procurement Code, 30 ILCS 500/1-1 et seq.

44 Ill. Adm. Code 1.10, et seq.

B. **Policy Statement**

The Department shall award contracts for services in compliance with appropriate statutes and procurement rules promulgated by the Department of Central Management Services (CMS).

II. **PROCEDURE**

A. **Purpose**

The purpose of this directive is to establish policy regarding bidding, negotiating, and awarding of contracts for services other than personal service contracts. Personal service contracts are covered in Administrative Directive 02.20.184.

B. **Applicability**

The directive is applicable to all bureaus, divisions, and offices within the Department.

C. **Internal Audits**

An internal audit of this directive may be conducted annually in accordance with the facility internal audit schedule.

D. **Designee**

Individuals specified in this directive may delegate stated responsibilities to another person or persons unless otherwise directed.

E. **Definitions**

Competitive bidding – a process of seeking bids from vendors in an open market to obtain services meeting minimum specifications at the lowest cost.

Consultant services – services rendered by a business entity which will result in expert or professional advice, plans, or reports regarding the management or operation of the Department or any of its functions.
Formal bidding – a structured process of obtaining written competitive bids by advertising for bids in the Illinois Procurement Bulletin and the public opening of sealed bids at a specified time and place.

Informal bidding – a process of obtaining written bids or quotes by telephone or letter solicitation.

Invitation for Bid – a process of obtaining written documentation from a vendor of services to be provided. Most often used for pre-defined specific needs in which the low bidder must meet the specifications.

Personal services – services contracted with and rendered by individuals as opposed to services rendered by employees of corporations, partnerships, or other business entities. Personal services contracts are generally defined as contracts, directly with individuals such as medical practitioners, teachers, attorneys, consultants, or individuals who could otherwise be considered employees of the Department.

Professional and artistic (P & A) services – services provided under a contract by a business acting as an independent contractor, qualified by education, experience, and technical ability.

Purchase of Care – a contract with a business entity for the furnishing of medical, educational, psychiatric, vocational, rehabilitative, social, or human services directly to a recipient of a State aid program.

Request for Proposal – a process of obtaining written documentation from a vendor of services to be provided. Requests for proposals are most often used in obtaining professional or artistic services, including services that require evaluation of technical and program components. Requests for proposal must be published in the Illinois Procurement Bulletin by Procurement.

Responsible Bidder – an individual, partnership, or corporation that meets minimum qualifications regarding financial status, experience, and reputation; has the appropriate license to do business; and meets all requirements necessary to perform the required services.

Responsive Bidder – a bidder who has submitted a bid that conforms in all material respects to the Invitation for Bid or Request for Proposal, including meeting minimum specifications.

Sole source procurement – services provided by one source only within a locality such as telephone service, electrical energy, public utilities, or in a larger context, subscriptions to published materials, or highly technical services related to specialty-designed business and research equipment. All Sole Source procurements over $25,000 must have prior approval from CMS.

F. General Provisions

1. Any services that will exceed one million dollars over the term of the contract require the approval of CMS and the Governor’s Office prior to bidding the service.

2. The Chief Administrator shall ensure compliance with applicable statutes and procurement rules. Awarding of contracts by Departmental personnel shall comply with the basic provisions of said statutes and rules.

3. For formal bidding, the Business Administrator shall ensure that all appropriate documentation is gathered, properly formatted, and provided to Procurement for advertisement on the internet for both bidding and notice of contract award. The
Business Administrator shall also conduct the bid opening and complete the contract award process.

4. Managers shall submit specifications to the Business Administrator for the services to be contracted that are within the scope of their functional duties. For example, the chief engineer or other designated staff shall be responsible for specifications for grounds and building maintenance services.

5. Stringing or knowingly structuring a contract to avoid the contract being subject to competitive bidding requirements is unlawful and shall be prohibited. Total projected cost for multi-year contracts shall be considered in determining formal sealed bidding requirements.

6. Department facilities and programs should contact Procurement prior to making sole source determinations to ensure the Department is in compliance with approval and public notice requirements unique to sole source procurements.

7. If the service being procured is a Small Business Set-Aside category, the contract shall be awarded to a CMS-registered small business regardless of amount, unless an exemption is obtained from CMS.

8. Generally, the Chief Administrative Officer shall have the authority to award contracts for services up to $10,000 with the exception of personal and consultant services contracts.

9. Generally, within established statutes and procurement rules, the Department shall have authority to enter into contracts for capital improvement projects up to $5,000 charged to the Contractual Services Appropriation and projects $25,000 or under charged to the Repair and Maintenance and Capital Improvement Appropriations. Refer to Administrative Directive 02.03.101 for a definition and examples of capital improvements.

10. All contracts over $10,000 and all professional and artistic, personal services, and consultant services contracts, regardless of amount, shall be submitted to the Division of Finance for appropriate approvals and the Director’s signature.

11. Contracts for consultant services are subject to prior approval by the Director’s Office.

12. The Division of Finance shall conduct compliance audits, review all contracts, obtain appropriate approvals, and file contracts with the Office of the Comptroller.

G. **Bidding Procedures**

If services subject to bidding, the Business Office shall decide if informal or formal procedures are to be followed to obtain competitive bids.

1. **Informal Bidding**

   If a one-time service or an on-going service is anticipated to be $25,000 or less, the Business Office shall seek informal competitive bids.

   a. As a general rule, for services under $2,500, the Business Administrator shall contact at least three vendors, if possible, by letter or telephone ensuring that each vendor is bidding on the same service specifications.

   b. For services from $2,500 to $25,000, inclusive, the Business Office shall request written quotes from at least three vendors, if possible.
c. Emergency purchases or services $25,000 or less may be contracted without
bids; however, three quotes shall be obtained whenever possible. Refer to
Administrative Directive 02.20.170.

d. Informal bids shall be documented on the Bid Tabulation, DOC 0141.
e. Informal bid documents, including documentation of telephone quotes, shall be
maintained in the Business Office files for audit review.

2. Formal Bidding

Formal bidding procedures are required when seeking a one-time service or on-going
service of over $25,000. The facility Business Office shall:

a. Submit the bid package to Procurement for publishing in the Illinois Procurement
bulletin;

b. Provide standard bid packages to vendor;

c. Open sealed bids;

d. Award the contract to the lowest responsible and responsive bidder; and

e. Document formal bids on the Bid Tabulation, DOC 0141.

H. Requirements

1. Personal Services

Contract requirements for Personal Services contracts are covered under Administrative
Directive 02.20.184.

2. Professional and Artistic (P & A) Services

The following are contract requirements for P & A Services:

a. For P & A Services under $20,000 the Business Administrator shall:

(1) Prepare service specifications.

(2) Contact at least three vendors, if possible, by letter or telephone
ensuring that each vendor is bidding on the same service specifications.
Written bids shall be required for services of $2,500 or more, unless an
emergency exists. Bids via facsimile are acceptable.

(3) Prepare a standard “Contract for Supplies and/or Services” (Contract)
document and have it signed by the contractor, Chief Administrative
Officer, and Director prior to services being rendered.

(4) If the P & A Service is $5,000 or over, prepare a Contract Obligation
Document (COD) and forward the COD and Contract to Procurement.

b. For P & A Services $20,000 and over the Business Administrator shall:
(1) Develop service specifications and evaluation criteria.

(2) Prepare a Request for Proposal (RFP) using the standard CMS RFP format. Depending on the type of service, submission of performance specifications and rate schedule may be required from the proposed vendor. It shall be clearly set out in the RFP that the award is based on best program points regardless of price.

(3) Forward RFP to Procurement to publish in the Illinois Procurement Bulletin. Copy of RFP may be mailed to potential vendors.

(4) Conduct the bid opening.

(5) Evaluate bids and award contract.

(6) Prepare a COD and forward the COD and Contract to Procurement.

3. **Purchase of Care**

Some services previously classified as P & A now qualify as purchase of care. Program staff have the option of preparing RFP’s for these services. When an RFP process is required or utilized for Purchase of Care, it shall be clearly set out in the RFP that price is factored in with program points to determine award.

4. **Consultant Services**

Consulting services follow the same requirements as other contracts in Paragraph II.H.5. except for the following.

a. Consultant services contracts are subject to prior approval by the Director.

b. The Chief Administrator shall be responsible for ensuring appropriate approvals are obtained prior to the effective date of the contract or the beginning date of service.

c. All contracts shall include the number of hours to be provided, the work schedule and hourly rate, and other financial agreement such as travel expenses, per diem, and lodging.

d. Consultant contracts with individuals shall be in accordance with Administrative Directive 02.20.184.

5. **Other Services**

The need for services shall be identified and specifications shall be written by individual managers within the facility. The following are contract requirements for other services.

a. For other services $25,000 and under, the Business Administrator shall

   (1) Prepare service specifications;
(2) Determine whether the service is one of the service categories that are designated as Small Business Set-Aside Program under Section 45-45 of the Illinois Procurement Code.

(3) Contact at least three vendors, if possible, by letter or telephone ensuring that each vendor is bidding on the same service specifications.

   (a) Written bids shall be requested for services of $2,500 or more, unless an emergency exists.

   (b) Bids via facsimile are acceptable.

(4) If Small Business Set-Asides apply, obtain bid quotes from three CMS certified small businesses. If no bids are received from small businesses, request an exemption letter from CMS and re-bid to any vendor.

(5) Depending on the type of service, prepare a standard “Contract for Supplies and/or Services” (Contract) document and have it signed by the contractor and Chief Administrative Officer prior to services being rendered.

(6) If the service is over $10,000, prepare a Contract Obligation document (COD), and forward the COD and Contract to Procurement.

b. For other services over $25,000, the Business Administrator shall:

   (1) Develop service specifications and evaluation criteria.

   (2) Determine whether the service is one of the service categories that are designated as Small Business Set-Aside Program under Section 45-45 of the Illinois Procurement Code.

   (3) Conduct formal bidding process by publishing the bid package in the CMS procurement Bulletin. Copy of the bid package may be mailed to potential vendors.

   (4) If Small Business Set-Asides apply and no bids are received from CMS certified small businesses, request an exemption letter from CMS and re-publish the bid to any vendor.

   (5) After sealed bids are submitted by vendors, evaluate bids and award the Contract to the lowest responsible and responsive bidder.

   (6) Prepare a COD and forward the COD and Contract to Procurement.

6. **Rental/Lease of Equipment**

   Short and long term rentals, lease purchases and installment purchases for all equipment except for electronic data processing equipment shall be processed in accordance with Administrative Directive 02.20.120.

7. **Leases of Real Property**
Real property leases are subject to CMS rules and regulations. Guidelines for contracting real property leases shall be in accordance with Administrative Directives 02.20.125, and 02.20.127.

8. **Emergency Purchasing**

Declaration of any emergency only exempts the Agency from the formal bidding process. All other procurement laws and rules remain in effect. However, Small Business rules do not apply, but a good-faith effort should be made to include small businesses when soliciting bids. In addition, an Emergency Purchase Affidavit must be filed with the Office of the Auditor General. Emergency purchase and Affidavit filing requirements are outlined in Administrative Directive 02.20.170.

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**Authorized by:**

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Donald N. Snyder Jr.
Director

**Supersedes:**

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