



Procurement Standards

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Help
is here

Overview - Introduction to Procurement Standards

Learning Objectives:

- Overview of the Procurement Standards
- Understand Grantees' procurement requirements
- Understand different methods of procurement
- Understand contract provisions



What is Procurement?

Procurement is the process in which your organization purchases goods, services, or materials from other organizations. Your organization must follow the procurement standards when procuring property and services under the awards or “grants” funded by Federal dollars.



Key Points:

- Your organization must have and use documented procurement procedures for the acquisition of property or services.
- Having a procurement policy promotes obtaining the best value, most advantageous balance of price, quality, and performance when purchasing products and services.
- In addition, it will assist to minimize fraud, waste, and abuse in purchasing.

Policies & Procedures

To strengthen compliance with the terms of your award and provide guidance in procuring services, your organization must have written procedures for procurement transactions. These are typically reviewed by IDHS in the event of a monitoring or program audit.

Key Points:

- These procedures must incorporate a clear and accurate description of the requirements.



What are your Organization's Responsibilities?

Your organization is solely responsible for the settlement of all contractual and administrative issues that arise from procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims.



- Your organization must maintain records sufficient to detail the history of procurement, including but not limited to:
 - Rationale for the method of procurement.
 - Selection of contract type.
 - Contractor selection or rejection.
 - Basis for the contract price.
- Must have and use documented procurement procedures for the acquisition of property or services.
- Perform oversight to ensure that contractors perform in accordance with the terms and conditions of their contracts or purchase orders.
- Must avoid acquisition of unnecessary or duplicative items.



What are your Organization's Responsibilities (continued)?



- Should use value engineering clauses in contracts for construction projects.
- Must award contracts only to responsible contractors.
- May use a time-and-materials type contract only after determining that no other contract is suitable.



STATE OF ILLINOIS CODE:
GATA

UNIFORM GUIDANCE: GENERAL
PROCUREMENT STANDARDS

Conflict of Interest

Your organization must maintain written standards of conduct covering conflicts of interest with related parties who are engaged in the selection, award, and administration of contracts.



Key Points:

- Officers, employees, and agents of your organization may **NOT** solicit or accept gratuities, favors, or anything of monetary value from contractors or subcontractors.
- Your organization's standards of conduct must provide disciplinary actions for violations of such situations.
- If your organization has a parent, affiliate, or subsidiary organization, your organization must also maintain written standards of conduct covering organizational conflicts of interest.

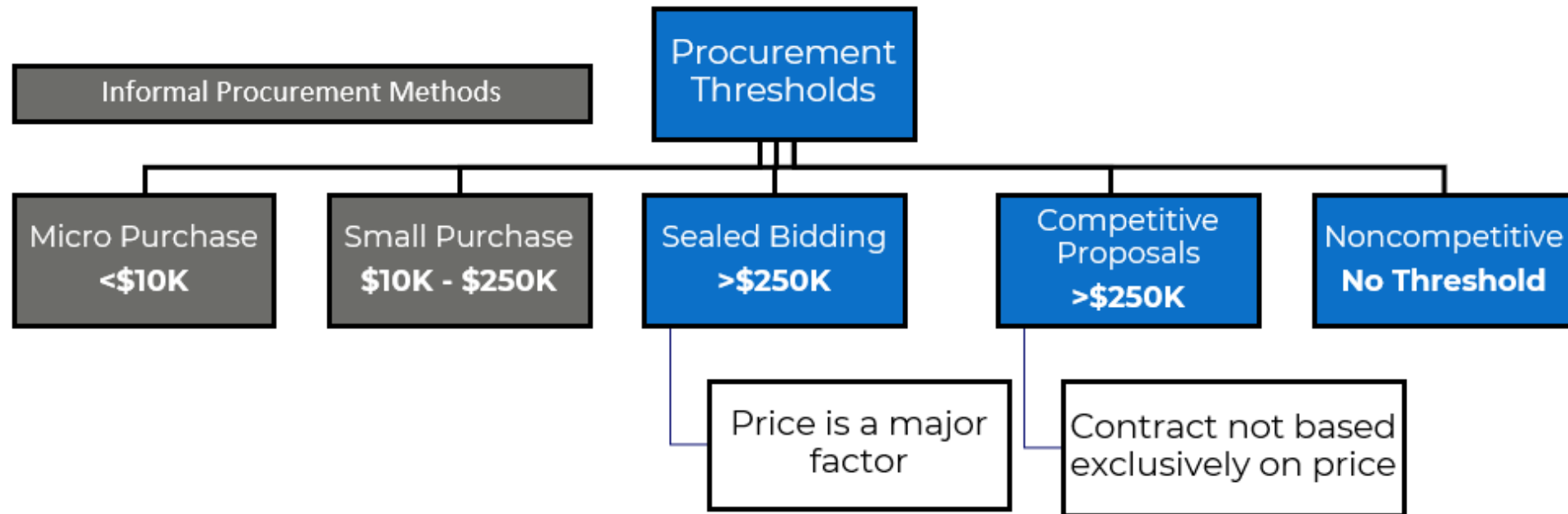


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UNIFORM GUIDANCE:
GENERAL PROCUREMENT
STANDARDS

Methods of Procurement

Grantees of IDHS entities must use one of the following five methods of procurement:



Note: Procurement thresholds effective for all procurements executed on or after June 20, 2018. Procurements conducted prior to this date will have the applicable thresholds effective at the time of procurement.

Note: Grantees may elect to use stricter thresholds.



Competition

All procurement transactions under the award should be conducted in a manner that provides full and open competition and is in line with the grantees policies and procedures. For example, to eliminate unfair competitive advantage, contractors that develop specifications must be excluded from competing for the procurement.



Requirements that are considered unfair and restrictive of competition include:

- Unreasonable requirements.
- Requiring unnecessary experience .
- Noncompetitive pricing practices between affiliated companies.
- Noncompetitive contracts to consultants that are on retainer contracts.
- Organizational conflicts of interest.
- Specifying only a “brand name” product.
- Any arbitrary action.



UNIFORM GUIDANCE:
COMPETITION

Informal Procurement Methods

Informal procurement methods are used for procurements below the simplified acquisition threshold (\$250,000). Your organization may elect to set stricter thresholds to ensure compliance. This includes micro-purchases and small purchases.

Micro-Purchase	Small Purchase
Threshold is \$10,000	Higher than micro-purchase threshold but does not exceed simplified acquisition threshold (\$250,000)
Does not require bid process or price quotes	No bid process
May increase the micro-purchase threshold from \$10,000 up to \$50,000	Price or rate quotations must be obtained from adequate number of qualified sources
Increase in micro-purchase threshold over \$50,000 must be approved by the cognizant agency for indirect costs	A lower threshold may be used, when authorized and not prohibited by State, local, tribal laws or regulations



Note:
Your organization must have and use documented procurement procedures consistent with these standards.

**UNIFORM GUIDANCE:
INFORMAL PROCUREMENT**

Formal Procurement Methods – Sealed Bids

Sealed bids are used for procurement above the simplified acquisition threshold (\$250,000). Bids are publicly solicited and awarded to the bidder who conformed with all terms and conditions of the invitation and is the lowest price.



Sealed bidding must meet the following in order to be feasible:

- Complete, adequate, and realistic specification descriptions.
- Two or more bidders are willing and able to compete.
- A firm fixed price contract and selection is made based on price.

Sealed bid requirements:

- Invitation must define items or services for bidders to respond properly.
- Bids must be opened at the time and place prescribed in the invitation.
- Award will be made in writing to the lowest responsive bidder.
- Any or all bids may be rejected if there is a sound documented reason.



Formal Procurement Methods – Competitive Proposals

Competitive proposals are a formal procurement method that is used for procurement above the simplified acquisition threshold (\$250,000) and either a fixed price or cost reimbursement type contract is awarded.



Competitive proposal requirements:

- Requests for proposals must be public and identify all evaluation factors and importance.
- Your organization must have a written method for conducting evaluations of the proposals received and making selections.
- Contracts must be awarded to the responsible offeror whose proposal is most advantageous to your organization, with price and other factors considered.
- May use competitive proposal procedures for qualifications-based procurement of architectural, engineering, or professional services.

Domestic Preferences for Procurements

Your organization should, to the greatest extent practicable under an award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States. The requirements must be included in all subawards including all contracts and purchase orders for work or products.



Key Points:

- “Produced in the United States,” for iron and steel products, means that all manufacturing processes occurred in the United States.
- “Manufactured products” means items and construction materials composed in whole or in part of certain defined materials.

Noncompetitive Procurement

Your organization can use this method under specific circumstances. Noncompetitive procurement can only be utilized if one or more of the following circumstances apply:



- Dollar amount does not exceed the micro-purchase threshold.
- The item is available only from a single source.
- A public emergency will not permit a delay resulting from a bid process.
- IDHS authorizes a noncompetitive procurement in response to a written request.
- After solicitation of a number of sources, competition is determined inadequate.



Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus

Your organization must take affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used.



Affirmative steps may include:

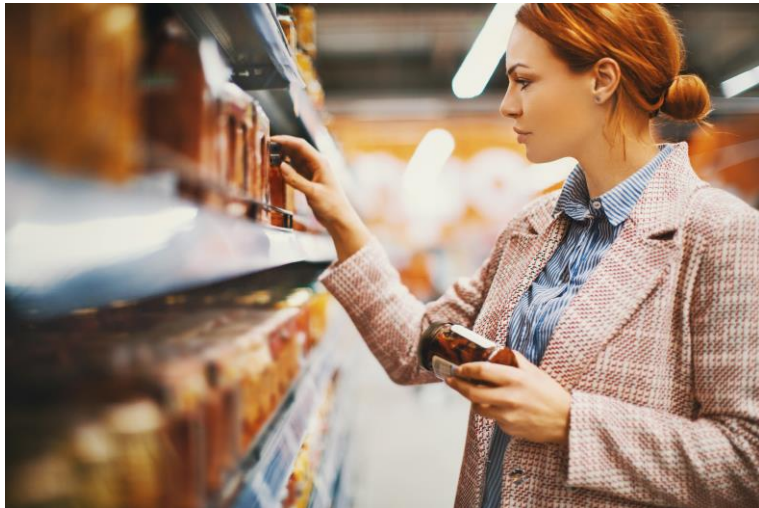
- Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
- Dividing total requirements into smaller tasks or quantities to encourage these organizations to participate.
- Establishing feasible delivery schedules.
- Using the services and assistance of organizations such as Illinois Small Business Development Centers.
- Requiring prime contractors to consider these firms for subcontracts.



UNIFORM GUIDANCE:
SMALL, MBE/WBE, LABOR
SURPLUS

Contract Cost and Price

For procurements over the simplified acquisition threshold (\$250,000), your organization must perform a cost and price analysis. This includes any contract modifications.



- Your organization must negotiate profit as a separate element of the price for each contract in which there is no price competition, and in all cases where cost analysis is performed.
- Cost estimates are allowable only to the extent that costs or estimates included in negotiated prices would be allowable under Subpart E – Cost Principles.
- The cost plus a percentage of cost and percentage of construction cost methods of contracting **must not be used.**

Contract Provisions under Awards

Your organization must incorporate applicable contract provisions described in **Appendix II of the Uniform Guidance** into your contract terms. This promotes compliance with procurement requirements and enhances oversight of your contractors.



Examples of provisions include:

- Contracts for more than the simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.
- All contracts in-excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity.
- Equal Employment Opportunity Act.
- Debarment and Suspension.



[SAM.gov](https://www.sam.gov)

[UNIFORM GUIDANCE:
APPENDIX II](#)

Requests from IDHS

Upon request of IDHS, your organization must be able to provide documentation of your procurement process and related contracts. The review generally takes place prior to the release of a bid solicitation.



Procurement documents may be requested when:

- Your organization's procurement procedures fail to comply with procurement standards.
- Procurement is expected to exceed the simplified acquisition threshold.
- Procurement specifies a brand name product.
- Proposed contract modification changes the scope or increases contract amount greater than the simplified acquisition threshold.



UNIFORM GUIDANCE:
FEDERAL AWARDING
AGENCY

Grantee Reminders

Include Federal procurement requirements in your organization's policies and procedures

Review procurement requirements based on dollar amount of contract to be issued

Take all measures to use full and open competition for your procurements

Take steps to engage minority businesses, women's business enterprises, and labor surplus area firms

Maintain documentation of procurement activities to provide upon IDHS request

Incorporate applicable provisions described in 2 CFR 200 Appendix II into your contract funded by the award



Questions?

