Illinois Department of Commerce & Economic Opportunity

Procurement

Summary

All grants are required to follow procurement standards that are outlined in 2 CFR 200.317 through 2 CFR 200.327 (https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d). This document provides and overview of these requirements and can assist your organization with establishing an organization procurement policy and remain in compliance with procurement standards. Noncompliance with procurement standards may result in the return of funds to the agency.

This document provides **suggestions** for your organization's procurement policy to comply with 2 CFR 200.317 through 2 CFR 200.327 to manage your organization's grant program.

How to Comply

1. All Grantees must have and use documented procurement procedures that are consistent with 2 CFR 200.317 through 327, which is summarized in this document along with suggested aspects of your organization's procurement policy.
2. All procurement processes must be documented. Organizations are encouraged to utilize the procurement policy suggestions outlined in this document. If the organization existing procurement policy does not meet the suggestions described in this document, the policy must be reasonable and in compliance with 2 CFR 200.
3. The Illinois Department of Commerce & Economic Opportunity ("DCEO") may ask for the procurement policy and backup documentation as part of a grant monitoring review. Documentation must be maintained throughout the record retention period, which is defined in the Grant Agreement.

Summary of Procurement Methods

1. Micro-purchase – 2 CFR 200.320(a)(1)
2. Small purchase – 2 CFR 200.320(a)(2)
3. Sealed bids – 2 CFR 200.320(b)(1)
4. Proposals – 2 CFR 200.320(b)(2)
5. Noncompetitive procurement – 2 CFR 200.320(c)

Micro-purchases – 2 CFR 200.320(a)(1)

- Purchases that do not exceed the micro-purchase threshold, which is defined in the Federal Acquisition Regulations as $10,000 (This threshold is subject to change by the federal government. The threshold can be found in the Federal Acquisition Regulation (FAR) at https://www.acquisition.gov/).

- As a Grantee, you may establish a threshold higher than the micro-purchase threshold, but you must:
    - Qualify as a low-risk auditee, in accordance with 2 CFR 200.520 for the most recent audit;
    - Perform an annual internal institutional risk assessment to identify, mitigate and manage financial risks; or,
    - For public institutions, a higher threshold may be established consistent with State law.
- Vendor Selection Process – Micro-purchases may be awarded without soliciting competitive price or rate quotations if your organization considers the price to be reasonable.

Small Purchases – 2 CFR 200.320(a)(2)

- Purchases that do not exceed the Simplified Acquisition Threshold of $250,000 (This threshold is subject to change by the federal government. The threshold can be found in the Federal Acquisition Regulation (FAR) at https://www.acquisition.gov/).
- Vendor Selection Process: Your organization is responsible for following the established procurement policy of your organization that describes the small purchase procedures, which includes, but not limited to:
    - Outreach methods – DCEO suggests performing outreach to at least three businesses for price quote that offer product or service.
    - Acceptable number of responses – DCEO suggests that your organization receives three responses from businesses that offer product or service and if three responses are not received, documentation that outreach was sufficient to receive three responses.
    - Review methods – DCEO suggests that your organization purchases the product or service to the lowest bidder that can offer the sufficient product or service and includes at least two people at the organization that sign off on purchases.

Sealed Bids Purchases – 2 CFR 200.320(b)(1)

- Sealed Bids Purchases may be used when the value of the procurement exceeds the Simplified Acquisition Threshold of $250,000 (This threshold is subject to change by the federal government. The threshold can be found in the Federal Acquisition Regulation (FAR) at https://www.acquisition.gov/).
- This method includes a public solicitation and a firm fixed-price contract (lump sum or unit price) is awarded to the bidder that conforms with the terms and conditions of the invitation for bids, is the lowest in price.
- The following should be present for a sealed bid in your organization's procurement policy. DCEO suggests the following be addressed in your organization's procurement policy:
    - A complete, adequate and realistic specification or purchase description is available.
    - DCEO suggests that three or more responsible bidders are willing and able to compete effectively for the business and if there are not three responses, document that the outreach was sufficient and consistent with procurement policy; and
    - The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
- If sealed bids are used, the following requirements apply:

- DCEO suggests that bids be solicited from at least three qualified sources, providing them at least 30 days response time prior to the date set for opening the bids. The invitation must be publicly advertised and DCEO suggests that the following methods include, but not limited to: 1) posting on the company website 2) newspaper posting 3) social media posting or 4) association email lists or 5) other medium that would reasonably attract qualified bidders;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- Any or all bids may be rejected if there is a sound documented reason.

Proposals – 2 CFR 200.320(b)(2)

- Proposals may be used when the value of the procurement exceeds the Simplified Acquisition Threshold of $250,000 (This threshold is subject to change by the federal government. The threshold can be found in the Federal Acquisition Regulation (FAR) and can be found at https://www.acquisition.gov/).
- Proposals are generally used when conditions are not appropriate for the use of sealed bids (typically when there are unique skills required).
- Requests for proposals (RFPs) must be publicized and DCEO suggests it is publicized to at least three sources that include but not limited to: 1) posting on the company website 2) newspaper posting 3) social media posting or 4) association email lists or 5) other medium that would reasonably attract qualified bidders;
- Identify all evaluation factors and their relative importance. Proposals must be solicited and DCEO suggests the solicitation is to at least three qualified offerors and provide 30 days response time. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- There must be written methods for conducting technical evaluations of the proposals received and making selections and DCEO suggests that it includes how to evaluate cost and effectiveness and separation of duties in review (supervisor approval of reviews);
- Contracts must be awarded to the responsible offeror whose proposal is most advantageous to your organization, with price and other factors considered; and
- Your organization may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms that are a potential source to perform the proposed effort.

Noncompetitive Procurement – 2 CFR 200.320(c)

- Noncompetitive procurement may be used if one or more of the following circumstances apply. All decisions on pursuing a noncompetitive procurement must be documented and saved throughout the record retention period, which is defined in the grant agreement.
    - The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold
    - The item is available only from a single source;
    - The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
    - The Illinois Department of Commerce & Economic Opportunity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
    - After solicitation of a number of sources that is defined in your procurement policy, competition is determined inadequate.

Tips to Remain in Compliance

- Read 2 CFR 200.317 through 2 CFR 200.327 to understand Procurement Standards - https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d.
- Create a documented procurement policy that uses 2 CFR 200.317 through 2 CFR 200.327 as a guide and follows requirements in this document as minimum requirements.
- Thresholds are subject to change by the federal government. The threshold can be found in the Federal Acquisition Regulation (FAR) and can be found at https://www.acquisition.gov/.
- Avoid conflicts of interest and related-party transactions by following your organization policy and saving documentation.
- If you have any questions, reach out to your grant manager for assistance.