CHIEF PROCUREMENT OFFICE
Ellen Daley, General Services

Notice 2016.03
General Services

To: Agency Procurement Staff
Central Management Services Bureau of Strategic Sourcing
State Purchasing Officers
From: Ellen H. Daley
Date: August 19, 2016
Subject: Small Business Set-Aside Program and Revisions of the Small Purchase Process and Procedures
CC: Procurement Compliance Monitors
Procurement Policy Board

The small purchase process utilized by the Chief Procurement Officer for General Services (CPO-GS) serves important business and State agency needs. Small businesses in Illinois are a major creator of new jobs and the engine for our state's economic growth. When State government procures goods and services from Illinois small business owners, tax dollars remain in our local economies longer. Also, State agencies need efficient and effective procurement practices that meet their needs in an economical, timely, and legal way.

Effective August 24, 2015, the small purchase process and procedures are revised pursuant to Section 20-20 of the Illinois Procurement Code and Section 1.2020(c) of Title 44 of the Illinois Administrative Code in an effort to balance the State's encouragement and support for small businesses as well as agency needs and available resources. The Code allows for individual procurements of supplies or services without competitive sealed bidding, subject to thresholds and rules established by the Chief Procurement Officer. 30 ILCS 500/20-20. The administrative rule provides that "[t]he CPO-GS may establish policies and procedures to manage the use of the small purchase method of source selection." 44 Ill. Adm. Code 1.2020(c).

Small Business Set-Asides

Pursuant to Section 45-45(a) of the Illinois Procurement Code, procurements that have a value from $1,000 to the small purchase threshold inclusive shall be set-aside for small businesses registered and approved as a Small Business Set-Aside Program (SBSP) vendor. Additionally, all procurements that have a value of $1,000 or more for goods or services in designated categories (currently 673 NIGP commodity codes, per CPO Notice 2015.01) shall be set-aside for small businesses registered and approved as a SBSP vendor.

Changes to the Small Purchase Procedures

Several changes to the small purchase process and procedures are made and result in greater efficiencies. In summary, certain functions are designated to agencies and will not require review of the State Purchasing

Officer (SPO). Additionally, some purchases permit the use of a single Small Business Set-Aside Program (SBSP) vendor or single non-SBSP vendor. Changes to the process and procedures occur for the following:

- All purchases that are **less than $1,000** are designated to the User Agency.
    - The Agency may source a single SBSP or non-SBSP vendor and no SBSP waiver is required.
- Purchases from **$1,000 to $10,000 inclusive**, except sole source and emergency condition purchases, are designated to the User Agency.
    - If a quote from a single small business registered and approved as a SBSP vendor in the Illinois Procurement Gateway (IPG) meets the need, Agency may award the contract.
    - If the quote does not meet the need, email all identified small businesses registered and approved as a SBSP vendor in the IPG under the applicable commodity code(s) and review and compare the responses received.
    - If after emailing all identified small businesses in the IPG under the applicable commodity code(s), the Agency determines that an award to a registered small business is not in the State's best interest, Agency shall complete a SBSP waiver form with approval by the Agency's designee, obtain quotes from at least three non-SBSP vendors, and award to the responsive vendor with the lowest price.
- Purchases from **$10,000 to the small purchase threshold inclusive** (currently $50,400 for equipment and commodities and up to $70,600 for construction), except sole source and emergency condition purchases, must be approved by the SPO prior to contract award.
    - SPO approvals are required, per CPO Notice 2016.02.
    - If the purchase is set aside for SBSP vendors, email all identified small businesses registered and approved as a SBSP vendor in the IPG under the applicable commodity code(s) and review and compare the responses received.
    - If after emailing all identified small businesses in the IPG under the applicable commodity code, the Agency determines that an award to a registered small business is not in the State's best interest, Agency shall complete a SBSP waiver form with approval by the SPO, obtain quotes from at least three non-SBSP vendors and award to the responsive vendor with the lowest price.
- Purchases from $1,000 to the small purchase threshold inclusive (currently $50,400 for equipment and commodities and up to $70,600 for construction) where **emergency conditions**[1] exist may be sourced to a single SBSP vendor or non-SBSP vendor and are designated to the User Agency.
    - The Agency may source a single SBSP vendor or non-SBSP vendor.
    - The Agency shall complete the SBSP waiver with approval by the Agency's designee, if necessary.

[1] A statutory emergency condition exists if (1) there is a threat to public health or public safety or (2) when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property (3) to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, (4) or to ensure the integrity of State records. An emergency condition is also allowed if it is consistent with the conditions and examples provided in 44 Ill. Adm. Code 1.2030(c).

- Purchases from $1,000 to the small purchase threshold inclusive (currently $50,400 for equipment and commodities and $70,600 for construction) where **sole source conditions**[2] exist may be sourced to a single SBSP vendor or a non-SBSP vendor.
    - Only the SPO shall complete any required SBSP waiver.

State Purchasing Officers will provide and explain two documents to their assigned agencies: *State Agency Small Purchase Designation* and *Small Purchase Procedures and Process.* Agencies shall return the signed designation to their SPO no later than September 30, 2015. These processes and procedures shall be implemented the day after the date the designation memo is returned to the SPO.

Effective Date

This CPO Notice is effective August 24, 2015.

If there are any questions regarding this Notice, contact Joe Kim in the Chief Procurement Office at (217) 558-2231.

[2] A sole source condition exists if it is consistent with the conditions and examples provided in 44 Ill. Adm. Code 1.2025(b).