



Public Procurement

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What is Public Procurement

- Public procurement is the process by which government departments or agencies purchase goods and services from the private sector. The process will usually be subject to specific rules and policies covering how the relevant decisions are made.
- Depending on local laws, a set system for procurement must be followed. This system could cover how to advertise for suppliers, the grounds on which a supplier is chosen, and the way in which a suppliers performance is measured and enforced.
- The goal of such a system is to take advantage of competition between suppliers and to reduce the risk of corruption.



Illinois Public Community College Act

- Public Procurement for Illinois Community Colleges is governed by the Illinois Public Community College Act Chapter 110, Act 805 (110ILCS 805/3-27.1). The statute covers the requirements that community colleges must follow pertaining to purchasing and bidding processes.

Illinois Public Community College Act

- The Act States: “Contracts for purchase of supplies, materials or work involving an expenditure in excess of \$25,000 or a lower amount as required by board policy to the lowest responsible bidder considering conformity with specifications, terms of delivery, quality, and serviceability; after due advertisement, except the following”
- There are 13 exemptions. A common one used by the College is for IT related purchases: Exemption (f) purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and inter-connect equipment, software, and services.
- Technology/data/communications is excluded due the compatibility of systems and cost to change technology architecture/infrastructure.

General Purchasing Policies

- All requests for purchases, regardless of the source of funds, must be processed through the Business Services Department on the requisition form. The requisition form is used to request goods or services from a vendor and to create a purchase order to send to the vendor.

General Purchasing Policies

Purchasing Limits

- **\$1,000.00 - \$4,999.99:** Purchases must be supported by written quotations obtained from at least three sources. No prior Board approval is required.
- **\$5,000.00-\$9,999.99:** Purchases must be supported by written quotations obtained from at least three sources. Prior Board approval must be obtained before purchasing.
- **\$10,000.00+:** Purchases require an advertised formal bid; except for a few exceptions. The Business Services Department must release a formal bid to a minimum of three vendors.

General Purchasing Policies

Exceptions

- **13 Exemptions**
- **External Revenue Stream:** Purchases up to \$25,000.00 that have an external revenue stream, can be purchased without additional board approval per Board Report #09-103. This includes purchases for resale such as: Food Service and Bookstore Products
- **Consortium:** A college consortium is an association of two or more institutions designed to leverage the aggregate purchasing power of colleges to bring savings on needed products and services. Purchases may be made against consortium contracts. The terms, conditions and pricing are established by these contracts. Orders (including those over \$10,000) may be placed against consortium contracts by using a purchase order as an ordering document. No advertisement, public notice or further competition is required because the consortium has already conducted the bidding process. However, written quotations should be obtained from at least three sources to ensure best pricing.

Formal Bid Process

A formal bid is conducted to purchase goods or services with an anticipated cost of \$10,000.00 or more. Public notification and sealed bids are required for this process. In cases where it is determined that a formal bid may be advantageous to the College, such bids will be obtained by the Director of Business Services, regardless of cost.

- **Processing** - The bid process requires a minimum of six to eight weeks in addition to the time allotted for ordering and delivery. Sufficient time is necessary for bid advertisement, vendor selection, informational meeting with vendors (if required), sealed bid opening, and Board of Trustees approval.
- **Specifications** – End user department works with Business Services to provide full and complete specifications for the goods or services requested. Detailed specifications may include:
 - Background and purpose for the requested goods or services
 - Scope of work describing the service and/or product
 - Pricing format of how vendors should submit pricing
 - Basis for evaluation
- **Advertising** - There must be one public notice posted at least 10 days before the bid due date and placed in a newspaper published in the district, or if no newspaper is published in the district, in a newspaper of general circulation in the area of the district. (110ILCS 805/3-27.1)
- **MCC Website** – Bid documents are posted on www.mchenry.edu/bid. This will enable bidders to download bid documents, to obtain bid results, and to register their company for future bid opportunities.

Formal Bid Process

Awarding - Awards will be made to the lowest responsible bidder, whose bid complies with all of the bid requirements. Special consideration cannot be made for local or in state bidders.

Responsible bidder means a person who has the capability in all respects to perform fully the contract requirements and the integrity and reliability that will assure good faith performance. (30 ILCS 500/1-15.80)

- Bids are reviewed by the Business Services staff and forwarded to the end-user department committee (end user).
- End user submits a recommendation of award to Business Services.
- Business Services reviews the recommendation and either approves or requests further information from the department.
- End user submits recommendation to the Board of Trustees.
- Board of Trustees approves or rejects recommendation.
- Business Services notifies bidders of decision.
- Awarded bidder will be listed on www.mchenry.edu/bid.
- A contract is negotiated and signed.

Types of Formal Bids

Invitation for Bid (IFB)

The IFB uses the competitive sealed bid method. This method is used when the requirements are clearly defined, negotiations are not necessary and price is the major determining factor for selection such as the cost to paint 10 classrooms. The bidder must be responsive. Best value considerations can also be used.

- Responsive bidder means a person who has submitted a bid that conforms in all material respects to the invitation for bids. (30 ILCS 500/1-15.85).
- Best value is a process used to select the most advantageous offer by evaluating and comparing factors in addition to cost or price. It allows flexibility in selection through tradeoffs between the cost and non-cost evaluation factors with the intent of awarding to the contractor that offers the best value for the cost. Best values are assigned to factors such as price, past performance, schedule, and vision. These values are tabulated for each potential vendor or contractor and one will come out on top.

Types of Formal Bids

Request for Quotes (RFQ)

- The RFQ is used to solicit one or more potential suppliers obtaining quotations for a particular product or service. Typically, an RFQ seeks an itemized list of prices for something that is well-defined and quantifiable, such as hardware. Price is the major determining factor for selection.

Types of Formal Bids

Request for Proposals (RFP)

- The RFP is used to seek a vendor's solution for providing a commodity or service and believes that giving vendor's flexibility in proposing the solution will be advantageous. In response to a vendor's proposal, terms of performance will be negotiated with the vendor who was selected based on the quality of their proposal – considering not just cost but also technical merit. Awards will be made to lowest responsible bidder, whose bid complies with all of the bid requirements.
- Responsible bidder means a person who has the capability in all respects to perform fully the contract requirements and the integrity and reliability that will assure good faith performance. (30 ILCS 500/1-15.80)

QUESTIONS