



K2: BIDDING

Effective Date: 10/20/06

Prior Date: 7/01/05

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Purpose and Scope

The bidding process introduces the element of competition directly into the buying process. As a state agency, the University applies the principles of competitive bidding and economical procurement practices to all purchases and contracts made on its behalf. This policy is promulgated in the [Illinois Procurement Code \(30 ILCS 500/\)](#).

The University derives its authority for competitive bidding from the Board of Trustees. All bidding is done in the name of the Board for Trustees. The University bidding policies follow the current State of Illinois Procurement Code and the Adopted Procurement Rules for Public Institutions of Higher Learning.

The bidding process is a joint effort of the department that expresses a need and develops the draft specifications; the Purchasing Department who formalizes the draft specifications, prepares the bid package and ultimately places the order; and concerned vendors who are invited to submit bids.

The Purchasing Department is responsible for overseeing the competitive bid process and maintaining its integrity. See [Competitive Solicitations](#) for an explanation of the bidding process.

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Authority and Responsibility

1. The University derives its authority for competitive bidding from the Board of Trustees. All bidding is done in the name of the Board for Trustees.
2. The bidding process is a joint effort of the department that expresses a need and develops the draft specifications, Purchasing, who formalizes the draft specifications, prepares the bid package and places the order, and concerned vendors who are invited to submit bids.
3. Purchasing has the final authority to conduct and conclude negotiations for price and conditions of the sale.
4. The Director of Purchasing advises the Controller's Office Procedures and Systems Analyst when changes are made to this procedure.

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1. [Illinois Revised Statutes \(30 ILCS 500/\)](#), Illinois Procurement Code
2. [The Adopted Procurement Rules of the Chief Procurement Officer for Public Institutions of Higher Education](#), Part 526

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Definitions

1. Bid: An offer to contract with the university
2. Bidder: Any person or business who responds to a request for formal bid or quotes.
3. Contractor: A bidder whose bid has been accepted by the university.
4. Person: Any individual, firm, partnership, corporation, association or other entity

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Competitive Solicitations

There are various types of competitive solicitations. The Chief Procurement Officer of Higher Education has indicated the bid limits for individual procurements of supplies or services other than professional or artistic services, and procurement of construction. These adjustments are based upon the increase in the Consumer Price Index as provided in the Higher Education Procurement Rules. Effective July 1, 2006, the bid limits are as follows:

Supplies or Services (including equipment)

Bid Limit: \$30,500

Construction

Bid Limit: \$36,600

Professional and Artistic Services

Bid Limit: \$20,000

Those construction-related professional services subject to the [Architectural, Engineering and Land Surveying Qualifications Based Selection Act \[30 ILCS 535\]](#) are exempted from the Procurement Code, and currently are required to be procured through competitive selection procedures if \$25,000 or more.

“Stringing”, or segmenting a purchase in order to circumvent the competitive bid process is not allowable. Further, any prospective order may be competitively bid if it is deemed that this action will result in lower costs.

The Bidding Process

Types of Bids

1. An **Invitation for Sealed Bid**, also known as a Request for Quotation (RFQ), is typically used when the material or service to be procured meets the following conditions: the specification standard of quality and performance is widely accepted and is not based on comparative evaluation; and the contract is of a fixed-price nature.

2. An **Invitation for Competitive Sealed Proposals**, also known as a Request for Proposal (RFP), is used when it is determined that competitive sealed bidding is not practical and there are many negotiable options available. It is typically used for the procurement of professional, artistic or technical services, when oral or written discussions may be required to clarify technical and price aspects of the proposals. The award may need to be based upon comparative evaluation in which case detailed criteria outlining the basis for award must be on file prior to the distribution of the RFP to insure objectivity.

The RFP is usually comprised of two parts; a technical proposal request and a pricing proposal request. A committee, which may include members of the requesting department, is usually formed to prepare the specification and evaluate the technical proposal.

3. A **Sole Source** Procurement is permissible when a requirement is available from only a single supplier or when only one supplier is deemed economically feasible. A requirement for a particular proprietary item does not justify a sole source procurement if there is more than one potential bidder authorized to provide that item. If the requisitioning department believes that it has a sole source procurement, it should complete the Justification for Sole Source Purchases or Contracts (MS Word) form and submit it along with the requisition attachment form to Purchasing.

Specifications

The first step in the bid process is the preparation of specifications for the product or service requested. The development, selection, and use of a particular type of specification are dependent on the situation, time, information available and needs of the user.

There are several types of specifications:

- Performance specifications communicate what a product is supposed to do, rather than how it is to be built. These would include the operating parameters required to perform a specific function.
- Design specifications employ dimensional and other physical requirements and concentrate how a product is made, rather than what it should do. These would include dimensions, tolerances, drawings, and specific construction processes.
- “Brand name or equal” is used when a specification mentions a manufacturer’s brand name or model number. Brand names may only be used to describe a standard of quality or performance, and may not be used to limit or restrict competition. The term “or equal” must be used when referencing brand names.
- Scope of work for services is used for the procurement of professional or other services. Service related specifications should clearly state the specific tasks to be performed; performance milestones; time limitations; and a definition of the final project deliverables. Further guidance in this area can be found under [Contracting](#).

It is the responsibility of the requisitioner to supply Purchasing with full and complete specifications for the products or services they are requesting for purchase. Information

including description/product number, quantity and units, cost estimate, drawings, design specifications, desired delivery dates, delivery information, and any other appropriate evaluation criteria are to be supplied to the Purchasing Department for incorporation in the bid. The requisitioner may recommend vendors who can supply the products. Additionally, vendors may register their companies to be placed on the University bidders' list. Purchasing will prepare the final bid document for advertisement.

Advertisement of Bids

Illinois State procurement law mandates that bids and sole sources be advertised for 14 full days on the [Illinois Higher Education Procurement Bulletin](#). In order to have 14 full days, the bid is advertised on the partial 15th day.

Sole source procurements for which the total cost equals or exceeds the dollar level requiring a state mandated competitive selection process (see dollar limits in first paragraph) must be advertised on the [Illinois Higher Education Procurement Bulletin](#) for a minimum of 14 days. If no other supplier challenges this sole source determination within the 14 day posting period, a contract may be executed with the sole source supplier. If a challenge is received, the Purchasing Division shall consider the challenge information. If Purchasing finds the challenge is supported, they will cancel the sole source request and commence a competitive procurement.

Awarding the Bid

Additional time may be needed for obtaining information as well as preparation time for Purchasing. The formal "Sealed Bid opening" is a public opening conducted by the Purchasing Department. After the bids have been read aloud, the Purchasing Department conducts a preliminary review and then forwards the bids to the requesting department for evaluation. The length of time the department needs for the evaluation can vary. After the evaluation is completed, the information must be returned to the Purchasing Department who will review the evaluation documentation and issue an award.

All awards and sole source procurements posted on the [Illinois Higher Education Procurement Bulletin](#) may be subject to a 30-day [review by the Procurement Policy Board \(PPB\)](#). Typically, if sufficient justification is originally posted the PPB will waive this 30-day review period and the contract can be executed once the posting period has lapsed.

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Contracting on Behalf of the University

The establishment of properly authorized contracts based on sound business practices, prepared in accordance with State of Illinois Procurement Code and Comptroller's guidelines, provides the University with the necessary documentation to insure delivery of materials and services while adhering to State purchasing requirements.

Two-Party Contracts

Two-party contracts are required for consulting, construction, and professional and artistic services that exceed \$5,000 in expected cost. They are used regardless of funding source: i.e., grants, local or general revenue funds. A contract is issued in conjunction with the purchase order to outline and define a supplier's specific service responsibilities and obligations. The contract documents the specific terms and conditions of the expected services and ensures that potential disputes will be minimized.

It is in the best interest of the University to construct our contracts with a vendor with as much specific information pertaining to the service expectations as possible. A written contract contains the terms and conditions that will determine the rights and duties of the parties and provides the basis for resolving disputes. It spells out specific certification clauses required by State law. It is forward looking and contemplates future conduct with an eye toward the risk of supplier non-conformance or non-completion of the contract terms and conditions.

Contents of a Contract

A very common type of contract for services is a consulting contract. A well-constructed consulting contract should spell out such things as:

- A scope statement of the work to be performed
- When the task will begin and end
- How satisfactory completion of the work is to be determined

- A project timeline with a statement of performance deliverables and reporting requirements
- A breakdown of costs by hourly rates; fixed costs; reimbursable expenses; and “not to exceed” amounts
- The method, determination, and frequency of progress payments
- Insurance or bonding requirements, if applicable
- The University contact person
- The responsibilities of the University
- Conditions of termination
- Provide an option for post contract performance review

In addition, the contract should specifically refer to any documents that were issued to create the final understanding of the service to be provided. These documents may include the following:

- A copy of the Request for Proposal, or copy of the expected performance specification
- A copy of the supplier proposal
- Copies of any referenced price sheets; discounts; or hourly labor and service rates
- Negotiation results
- Meeting minutes
- Last minute changes
- Specifications or drawings
- Certificate of insurance or performance bond, if applicable
- Letters of reference and credentials

A well written contract is essential to the execution of a smooth relationship with the supplier. Nothing should be left to chance. The contract should reduce to writing anything that was part of a verbal understanding or a handshake agreement. The contract must include the necessary performance; the baseline for measuring performance; reviews; reporting requirements, and deliverables required for payment. Both parties must understand their rights and obligations in the relationship.

Bidding Requirements

Additionally, contracts in the amount of \$20,000 or greater may require advertisement on the Illinois Public Higher Education Procurement Bulletin for competitive sealed bidding. Sufficient time must be allowed for this process. Each University contract must also be signed by one of the University representatives specifically authorized to sign contracts on behalf of the University. To insure compliance with these requirements, unsigned contracts may be sent to Purchasing for determination of bid or to facilitate the signing of the contract by an authorized University representative.

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Questions

Questions concerning the bidding process should be directed to the Director of Purchasing, extension 5300.

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