

SECRETARY OF STATE PROCUREMENT POLICY BOARD

Minutes of Meeting – January 13, 2016

UPON DUE AND PROPER NOTICE, A MEETING WAS HELD AT THE ILLINOIS STATE CAPITOL ROOM 213 FOR THE PROCUREMENT POLICY BOARD

The Secretary of State Procurement Policy Board (PPB) was called to order at 2:30 P.M., by Chairman David Joens in Room 213 at the Statehouse, Springfield, Illinois.

Roll call was taken. PPB Members present were Chairman Dave Joens (Archives), Terri Coombes (Executive Office), Ernie Dannenberger (Vehicles), Anthony Kalant (Inspector General), Michael Mayer (Drivers) and, by telephone, Ray Cachares (Business Services). Also present at the meeting were Jackie Price, Robert Partridge and Amanda Trimmer (Budget), and Amy Williams and Donna Grunder (General Counsel). Irene Lyons and Cindy Wood (General Counsel) participated by telephone.

Dave Joens presented minutes from the PPB meeting of May 21, 2015. After review, Terri Coombes moved to approve the minutes as presented, seconded by Michael Mayer. Motion carried.

Old Business:

Terri Coombes requested an update on that status of the Procurement Rule discussed at the 5/21/15 meeting. Amy Williams advised JCAR approved the rule, it was adopted and Budget is in the process of implementing it. Amanda Trimmer will send the rule to the Fiscal Officer to update their policies and procedures manual. Once the rule is implemented, employees will receive training on it. She anticipates the guidelines in the rule will curb the issue of having some departments over-report and others under-report.

Terri Coombes asked if IT had been able to correct the issue with our online search for vendor certification, which previously brought up the vendor communication form and the certification from. One was correct; the other was not. Per Tony Kalant, the problem has been resolved.

New Business:

Budget and Fiscal updates were requested, and Robert Partridge of Budget was introduced to the Board. He has taken on the duties of Darrel Marcy, who has accepted other employment.

Robert Partridge reported on his work with the Illinois Procurement Gateway. Budget is looking to adopt some of Gateway's functions to assist with internal procedures. The Gateway is a portal where vendors may register and provide all of their certifications and disclosures. They are then vetted and issued a number that may be used on subsequent bids. If any inconsistencies or conflicts are found, they are flagged within the Gateway. The agency may go to the Gateway, enter the number and view the vendor's certifications and disclosures without requiring the vendor to prepare a new written set for each bid. A copy of Illinois Procurement Gateway

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Vendor Registration Vetting Standards was provided to the Board (copy attached). It is anticipated that the Gateway services to be utilized by SOS will be without cost.

An agency may go the Gateway, enter an IFP code and search for vendors who provide the items or services needed. It is believed the system will save time internally for Budget and may increase our pool of bidders, since it will greatly reduce the paperwork required of a vendor to bid on subsequent State contracts once they have been vetted on the Gateway. Amanda Trimmer advised Budget will print out a full copy of each vendor's disclosures and certifications from the Gateway for each bid file. If additional information is needed, we may still require the vendor to provide it. She is working with Irene Lyons and Amy Williams on approval of the vetting process. It is her understanding that SOS is the only State agency not currently utilizing the Gateway for bids. Terri Coombes asked how often a vendor is required to update or renew information on the Gateway, and Amanda Trimmer advised each vendor must do so annually. Amy Williams advised vendors are also under a continuing duty to update their information on the Gateway if their circumstances change.

Dave Joens asked when the Gateway system would be implemented. SOS will permit bidders to bid using their registration numbers, starting with the next opening. Amanda Trimmer reported already receiving a few bids with Gateway numbers in Form C. Budget has had to go back and have them submit the actual documents. Jackie Price advised some agencies are having trouble finding bidders. Robert Partridge will review the system with Amy Williams for any changes needed to avoid duplications. Vendors may still bid as they did before and provide all of their written certifications and disclosures to SOS. The system is not mandatory for all vendors, and no bidders will be excluded by use of the Gateway. Robert Partridge advised some of our current vendors are already in the Gateway. Terri Coombes asked if the Inspector General's Office had any objections to use of this system. Anthony Kalant will examine the links and forms included in the Gateway to be sure there are no concerns. If no concerns are found, the PPB has no objection to moving forward with use of the Gateway.

Amanda Trimmer reported on Bid Buy, which will replace the Illinois Procurement Bulletin. ERP has a procurement portion, but it is too small to meet all of our requirements. We anticipate having Bid Buy functional by the end of 2016. Everyone will be required to use the new program, since it is the only place Illinois bids will be published. There is no charge for basic services, but if we need further services, fees may be incurred. Robert Partridge is working on internal changes needed to use the new service. We will need to decide how much of the program we want to use. Terri Coombes reminded the Board we previously decided to avoid ties to the CMS system, who charge for use. We will have to create a portal to use the new system and it will require cooperation from the Comptroller's office. If we had to use all aspects of the system, costs are estimated to exceed \$1,000,000 per year. The Comptroller was part of the pilot program for ERP. Bid Buy can be built to meet our needs, and we don't have to take any more of the system than we can use. Amanda Trimmer will keep the Board posted on ERP as it develops. It is her hope that we can just use a portal to communicate with the system and use Bid Buy separately.

Amanda Trimmer presented the Board with Vendor Communications totals by Department for 2015 (attached).

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Terri Coombes suggested we update the SOS policy manual to comply with the new Procurement Rule.

Tony Kalant asked whether an increase in our purchasing threshold from the current level of \$25,000 to \$35,000 or \$50,000 should be pursued. There have been no changes to the purchasing threshold in ten years. Terri Coombes thought the issue was worth exploring with the Secretary and Chief of Staff Tom Benigno to see if there is any interest in an increase.

Ernie Dannenberger reported his Department has been contacted by vendors who may decline bidding on future contracts with SOS due to nonpayment as a result of the budget impasse. So far, he has heard from an image vendor and a data entry vendor who may or will not bid again, even after payment is received. He asked that all Departments be prepared for this possibility. Refusal of vendors to do business with SOS or bid on future contracts may run up costs by forcing us to accept bids from a smaller vendor pool. He also reported some hotels are refusing to do business with SOS, even after they eventually receive payment. Jackie Price reported some hotels are relenting on their position as soon as payment is received. Robert Partridge reported other agencies are experiencing the same problem.

No public comments were offered. Michael Mayer moved to adjourn the meeting, seconded by Terri Coombes. The meeting adjourned at 3:05 p.m.

Respectfully submitted,

Donna Grunder, Secretary

Date: _____

Approved by Board:

David Joens, Chairman

Date: _____

ILLINOIS PROCUREMENT GATEWAY

Vendor Registration Vetting Standards

Overview

The Illinois Procurement Gateway (IPG) is an online vendor portal that allows vendors to provide much of the information required by procurement laws and rules (e.g. certifications, disclosures, registrations with other entities, etc.) in advance of submitting bids or proposals, or receiving contract awards. To ensure the integrity of the information in the IPG, Chief Procurement Office (CPO) staff review all vendor applications submitted in accordance with standards described in this document.

Note: The IPG vetting process and standards are intended to provide reasonable assurance that a vendor provides all required information and is in compliance with applicable laws and rules at the time of registration based on the information provided and other known information. An IPG registration number with valid expiration date neither relieves a vendor from updating its information when changes occur, nor relieves a State Purchasing Officer (SPO) or agency/university from performing appropriate due diligence to determine responsiveness and responsibility of a vendor for each procurement.

Vetting Process

While reviewing a vendor application, CPO staff may take any of the following actions:

- *Flag a particular section or question.* Information is flagged within a vendor application to highlight information that is properly completed. It does not prohibit a vendor from receiving a contract, but requires further review by the SPO and agency/university prior to contract award, or upon receipt of bid/proposal. Examples include potential conflicts of interest, business operations with Iran, and other registrations (e.g. DHR, BEP, SBSP, etc.) with upcoming expiration dates. Flags and related notes are visible to State users but not vendors.
- *Refer to subject matter expert (SME).* Subject matter experts exist for each component of the IPG. SMEs are very familiar with the legal and operational considerations associated with applicable components. Issues are referred to SMEs when a vendor selects a rare exception to a standard or provides information that requires an in-depth review, or if the reviewer is aware of information contrary to that reported by the vendor. SMEs determine, on a case-by-case basis, the appropriate level of diligence to resolve the issue (e.g. research laws, communicate directly with vendor, etc.) and determine the appropriate resolution. CPO staff document SME comments and actions within the vendor application. The SME's review is visible to State users but not vendors.

Upon completion of a review, CPO staff takes one of the following actions:

- *Accept the application.* If an application meets all of the criteria for acceptance, CPO staff accepts the application. The vendor application's status becomes "Active" in the IPG, and the vendor receives an email with an IPG registration number and expiration date one year from the date accepted.
- *Return the application.* CPO staff returns applications if incorrect, insufficient, or inconsistent information is provided, or if the vendor has not appropriately met a requirement (e.g. did not agree to a required certification, is not registered or not in good standing with SOS, has an expired DHR public contract number, etc.). The vendor application's status becomes "Incomplete" in the IPG, and the vendor receives an email identifying the reasons the application was returned. The vendor may correct the deficiencies and re-submit the application for review.
- *Deny the application.* CPO staff may deny an application if a vendor is prohibited from receiving any State contracts. Usually this occurs if a vendor is suspended or debarred, or otherwise barred by law from contracting with the State.

Vetting Standards

The sections of the vendor application and the level of diligence to be performed for each during the vetting process are summarized below. For all sections, CPO staff verifies that the vendor supplied all required information and that related information is consistent across sections.

- *Vendor Information and Business Information.* CPO staff reviews these sections for informational purposes, and they primarily serve as a check of consistency with information in other sections.
- *Small Business Set-Aside Program (SBSP).* CPO staff reviews applicable vendor tax documents to determine whether or not a vendor satisfies the requirements for inclusion in the program.
- *Department of Human Rights (DHR).* If a DHR Public Contract Number is provided, CPO staff validates the number and expiration date against online DHR records. If a number is not provided, other information in the vendor application is reviewed to determine if a DHR Public Contract Number is required. Note: This section is not required for a vendor registering as a "subcontractor only".
- *Authorized to do Business in Illinois.* If a vendor indicates that it is registered with Secretary of State (SOS), CPO staff uses the SOS online business search to verify that the vendor is registered and in good standing with SOS. If a vendor claims an exemption from registration with SOS, other than sole proprietors or foreign (non-U.S.) businesses, the explanation submitted will be

referred to the SME. Note: This section is not required for a vendor registering as a "subcontractor only".

- *Certifications.* If a vendor indicates that a particular certification is not applicable, CPO staff reviews other information in the IPG to verify that the certification is not applicable. For example, some certifications only apply to individuals or sole proprietors. If a vendor does not provide a required certification, the application is returned.
- *Board of Elections (BOE).* All vendors registering in the IPG, except not-for-profit entities, must be registered with BOE. CPO staff validates registration against online BOE records. Note: This section is not required for a vendor registering as a "subcontractor only".
- *Iran Disclosure.* CPO staff flag all applications where a vendor discloses business operations in Iran. Note: This section is not required for a vendor registering as a "subcontractor only".
- *Financial and Conflict of Interest Disclosures.* CPO staff reviews all vendor and parent entity disclosures for completeness and consistency, and flag all potential conflicts of interest.

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