



Fiscal Year 2017  
August 1, 2017

State of Illinois  
Chief Procurement Office  
for Institutions of Higher Education

# SOLE SOURCE PROCUREMENTS REPORT



# MISSION & VALUES

The Chief Procurement Offices provide oversight and approval for State agencies and public universities to meet their specific procurement needs free of undue influence. The Chief Procurement Offices work with agencies and universities to continually improve procurement policies and to establish best practices that provide fair treatment, diversity, integrity, transparency, and value.

Chief Procurement Officers (CPOs), appointed pursuant to the Illinois Procurement Code and confirmed by the Illinois Senate, ensure that approximately \$12 billion in procurements made by the State each year are fair, transparent, accountable, and in the best interest of the State. Contracts are generally awarded through a competitive process, but it is not always possible or practical because there is only one vendor that can provide a supply or service or only one vendor that can provide it in an economically feasible manner. The Procurement Code authorizes state agencies and universities to contract directly with vendors that are sole or the sole economically feasible source. When contracting with a sole source vendor, public notice and opportunity for a hearing is required prior to entering a sole source contract.

The CPOs provide an annual report identifying each sole source contract that was authorized and provide the justification for the sole source contract. The report is provided to the Governor, General Assembly, and published to each Chief Procurement Officers' website.

# CONTACT INFORMATION

CPOs have a fiduciary duty to the State of Illinois. Their independent structure allows them to operate free of political influence and pressure. In addition to ensuring that state agencies and universities conduct lawful procurements, CPOs use best practices in procurement and management to create efficient and streamlined purchasing policies and procedures. To learn more about the Chief Procurement Office for Institutions of Higher Education and procurement reform in Illinois, visit the CPOs' websites below:

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**[www.cpohe.illinois.gov](http://www.cpohe.illinois.gov)**

**Illinois Procurement Gateway**

**<https://ipg.vendorreg.com>**

**Pathway to Procurement**

**<http://www.illinois.gov/cpo/PathwayToProcurement>**

## EXECUTIVE

# SUMMARY

In Fiscal Year 2017, the Chief Procurement Officer for Higher Education awarded 296 sole source procurements, valued at \$270,915,253. Compared to FY 2016, the number of awards and their value was less than the FY 2016 totals of 465 awards valued at \$372,375,994.

Prior to the published notice of intent to award a sole source contract, a State Purchasing Officer consults with the university procurement staff on whether a sole source procurement is justified and meets the requirements of the Procurement Code. After consultation and review the request, a determination is made whether to proceed with a sole source as the procurement method.

The Procurement Code provides that before a final decision can be made, public notice of the request for a sole source procurement must be provided and opportunity given for a public hearing. In Fiscal Year 2017, 8 hearings were held at the request of the public, other potential vendors, the Procurement Policy Board, or the Chief Procurement Office compared to 12 hearings in Fiscal Year 2016 and 30 hearings in Fiscal Year 2015.

## CONTRACT

# OVERVIEW

Total Value of Sole Source Contracts	=	\$270,915,253
Total Number of Sole Source Contracts	=	296
Average Value of Sole Source Contracts	=	\$915,254
Total Number of Universities Awarding Sole Source Contracts	=	12
Total Number of Hearings Held	=	8

## Justifications for Using a Sole Source Procurement

No Substitutions Available

Lack of Competition

Specific Characteristics Limit to One Supplier

Supplier's Unique Capability

Proprietary Technology

Copyrighted

Patented

Radio or TV Broadcast Rights

Time is of the Essence and Only One Supplier Can Meet

Needs Within Timeframe

Grant Requires Contract with Designated Supplier

Items are Required by Franchise Agreement

Non-Competitive Public Utility Services

## OVERVIEW OF **SOLE SOURCE PROCUREMENT**

Section 20-25 of the Illinois Procurement Code (30 ILCS 500/20-25) allows contracts to be awarded without using a competitive method of source selection when there is only one economically feasible source for an item. For example, sole source is appropriate when procuring public utilities or where the item is proprietary and available only from the manufacturer. However, because these are exceptions to the normal practice of competitive bidding, awarding a sole source contract requires heightened scrutiny, including a 14-day public notice period and an opportunity for a public hearing, allowing for an open and transparent process.

Agencies and universities must justify a sole source request using a standardized justification form. If the request appears to meet the statutory requirements for sole source as the procurement method, a notice of intent to enter a sole source contract is published in the publicly available on-line Illinois Procurement Bulletin. Notice is also provided to the Procurement Policy Board, a 5-member bipartisan board that has the authority to review and comment upon the request. The notice is published for a minimum of 14 days and includes a description of the item to be procured, the intended sole source contractor, and the date, time, and location for a public hearing if requested by an interested party.

The 14-day notice allows time for interested parties to provide comments and request a hearing. Hearing participants may include the person who requested the hearing, the State Purchasing Officer, an agency or university representative, a representative of the Procurement Policy Board, the vendor identified as the sole source, and a hearing officer. Each party is given the opportunity to raise any issues pertinent to the intent to award a sole source contract.

Based on the documentation and information presented at the hearing, the CPO decides whether to permit or deny the sole source award. The CPO's decision is posted to the Procurement Bulletin, providing transparency of the decision-making process. A contract is not awarded as a sole source unless approved by the CPO.

## COMPARING **ILLINOIS**

Illinois' procurement statutes, combined with the CPOs' process for awarding sole source procurements, is among the best in the nation. In 2015, The Center for Public Integrity issued a report ranking Illinois 1st among the 50 states in procurement integrity. One of the criteria in the ranking was the extent that a state's law limits the use of sole sourcing to specific, defined conditions. The Illinois Procurement Code's transparency prerequisites for sole sources received the highest rating.

# SOLE SOURCE PROCUREMENTS FOR CHIEF PROCUREMENT OFFICE FOR INSTITUTIONS OF HIGHER EDUCATION

Due to unique requirements in the university setting, such as the need for laboratory supplies and medical equipment that are compatible, or for research and medical purchases that are only available from copyright or patent owners, the use of sole source procurements is higher for universities than most state agencies. Research, medical, and technical supplies and equipment account for most sole source transactions.

In January 2015, a technical error allowed an exemption section of the Procurement Code to expire. This section had exempted many purchases from the requirements of the Code, allowing universities to contract directly with vendors for specific items the legislature determined were not conducive to a competitive procurement. The expiration of these exemptions forced those purchases to be procured by a sole source procurement method. The impact is an increase in the number of sole source procurements.

In addition to sole source awards, the CPO-HE also tracks the number and value of sole source renewals.

	FY17	FY16	FY15	FY14
# of Universities Awarding Sole Source Contracts	12	13	13	12
Dollar Value of Sole Source Contracts	\$ 270,915,253	\$ 372,375,994	\$ 370,122,359	\$ 248,322,183
Number of Sole Source Contracts Published	296	465	466	307
Average Dollar Value of Sole Source Contracts	\$ 915,254	\$ 800,809	\$ 794,254	\$ 569,099

## SOLE SOURCE BY UNIVERSITY

UNIVERSITY	Dollar Value Contracts FY17	# Contracts FY17	Dollar Value Contracts FY16	# Contracts FY16	Dollar Value Contracts FY15	# Contracts FY15
Chicago State University	\$ 0	0	\$ 4,038,514	4	\$ 1,202,168	5
Eastern Illinois University	\$ 2,121,138	5	\$ 501,434	4	\$ 1,493,788	8
Governors State University	\$ 244,950	2	\$ 425,000	3	\$ 2,321,000	9
Illinois State University	\$10,604,788	15	\$ 8,797,173	24	\$ 6,589,054	26
Northeastern Illinois University	\$ 0	0	\$ 5,958,654	2	\$ 690,000	1
Northern Illinois University	\$ 3,271,413	19	\$ 3,684,776	11	\$ 13,002,499	13
SIU Carbondale	\$ 8,299,683	21	\$ 9,994,114	16	\$ 7,447,713	28
SIU Edwardsville	\$ 1,815,174	10	\$ 2,670,283	19	\$ 7,029,728	21
SIU Medical School	\$ 2,552,250	20	\$ 5,022,774	25	\$ 2,981,493	17
Univ. of Illinois Chicago	\$ 63,554,041	76	\$ 96,336,700	135	\$ 60,587,716	92
Univ. of Illinois Springfield	\$ 1,045,450	11	\$ 2,613,108	12	\$ 2,565,495	14
Univ. of Illinois Urbana Champaign	\$ 128,018,365	113	\$ 62,937,894	154	\$ 78,210,727	167
Western Illinois University	\$ 388,000	2	\$ 2,755,570	12	\$ 10,620,148	9
IL Public Higher Ed. Consortium	\$ 49,000,000	2	\$ 166,640,000	44	\$ 173,374,500	55

## SOLE SOURCE

# TRANSACTION TYPE

Sole Source Transaction Type	#	Dollar Value	% of Total \$
Art, entertainment services, or athletic events	13	\$ 2,193,819.53	0.81%
Compatibility of equipment, accessories, replacement parts, or service is a paramount consideration	58	\$ 30,534,763.47	11.27%
Copyrighted or patented and is not available except from the holder	38	\$ 90,295,281.20	33.33%
Critical changes to an existing contract are necessary and best accomplished by the contract holder	2	\$ 550,000.00	0.20%
Federal or State grant requires a contract with the vendor	2	\$ 172,000.00	0.06%
Item is to be procured for commercial resale	14	\$ 58,191,600.00	21.48%
Items are required by an existing franchise agreement	5	\$ 1,975,000.00	0.73%
Required for research and no other source is able to meet the researcher's documented need	37	\$ 7,584,986.46	2.80%
Items are needed for trial use or testing	0	\$ -	0.00%
Media is for advertising	3	\$ 5,250,000.00	1.94%
Organization Membership	6	\$ 1,565,865.00	0.58%
Public utility service is regulated	5	\$ 2,100,000.00	0.78%
Radio and television broadcast rights	10	\$ 2,542,588.00	0.94%
Software license, upgrade, or maintenance	33	\$ 8,764,386.22	3.24%
Other (primarily to meet research and medical needs or library needs)	70	\$ 59,194,963.48	21.85%
<b>TOTAL</b>	<b>296</b>	<b>\$ 270,915,253.36</b>	<b>100.00%</b>

## SOLE SOURCE

# RENEWALS BY UNIVERSITY

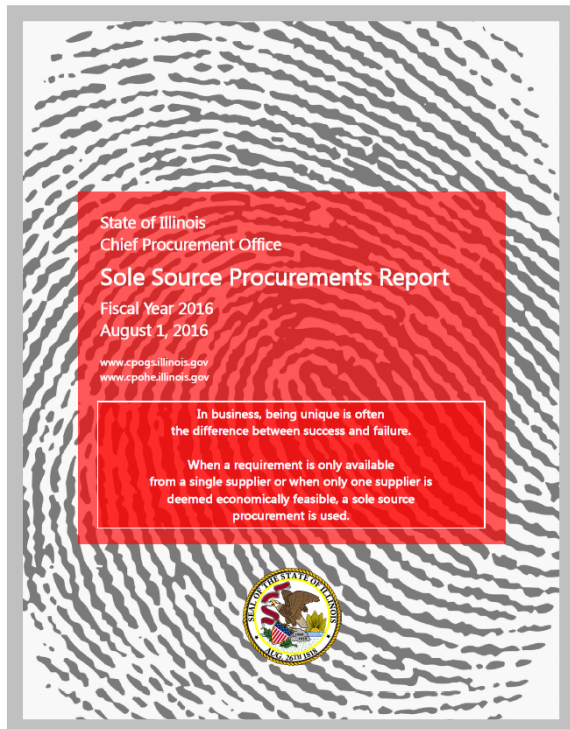
University	# Renewals FY17	Dollar Value Renewals FY17
Chicago State University	1	\$ 102,638
Eastern Illinois University	1	\$ 51,000
Governors State University	1	\$ 150,000
Illinois State University	1	\$ 71,208
Northeastern Illinois University	0	\$ 0
Northern Illinois University	5	\$ 975,000
Southern Illinois University Carbondale	0	\$ 0
Southern Illinois University Edwardsville	1	\$ 152,000
Southern Illinois University Medical School	8	\$ 1,713,107
University of Illinois Chicago	29	\$ 23,493,205
University of Illinois Springfield	0	\$ 0
University of Illinois Urbana Champaign	32	\$ 17,110,154
Western Illinois University	1	\$ 61,500
Illinois Public Higher Education Consortium	0	\$ 0
<b>TOTAL</b>	<b>80</b>	<b>\$ 43,879,813</b>



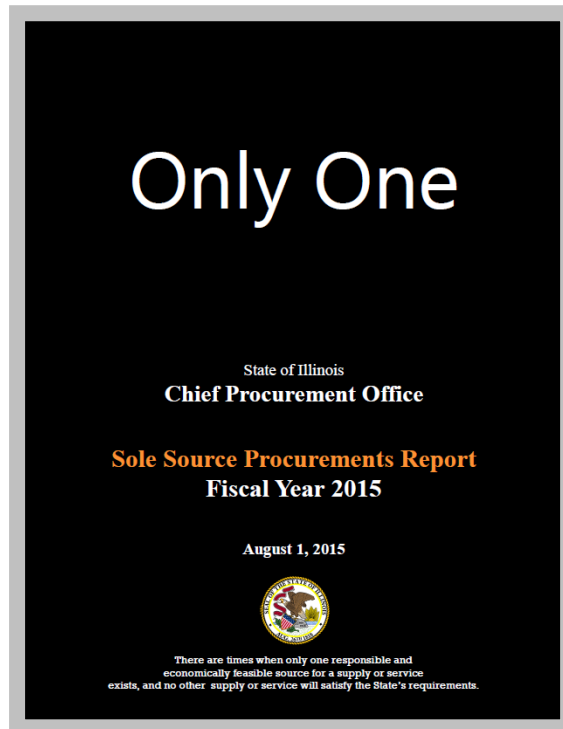
# PREVIOUS FISCAL YEARS

Click on the image below to view Sole Source Reports from previous fiscal years:

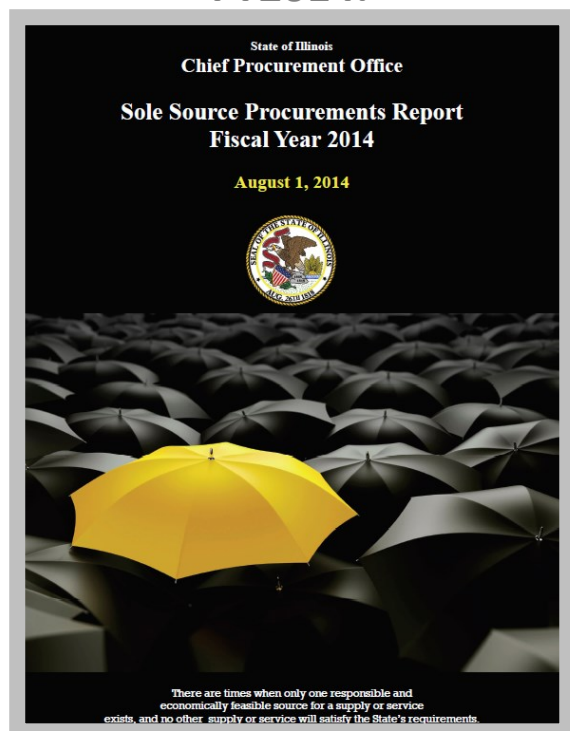
**FY2016:**



**FY2015:**



**FY2014:**



**FY2013:**

