**Section 1260.290 Accounting Standards**

a) Financial Responsibility

1) Accounting records must provide the information needed to identify the receipts and expenditures of State and other matching funds.

2) Entries in accounting records must refer to supporting records which document the entry and which can be readily located.

3) The accounting system must provide accurate and current financial information.

4) The accounting system must have an adequate system of internal controls to safeguard the funds and assets covered, check the accuracy and reliability of accounting information, and promote operational efficiency.

b) Internal Control

1) Fiscal duties must be assigned so that no individual has sole responsibility for more than one of the following areas:

A) expenses, purchase orders, or other identified payment requests;

B) approve vouchers for payment of bills;

C) signature of checks;

D) record financial transactions in books; or

E) maintain physical custody of vouchers, payroll records, cancelled checks, and books of account.

2) All ISEARCH Units shall review vouchers prior to payment. The person who signs the checks must assure, by voucher, time sheet, or any other reasonable means, that the payment is correct. The person who approves a voucher for payment may not be the sole signer of the check. DSP financial officers have the responsibility and authority to disallow payment of expenditures made contrary to the requirements of these rules.

c) Contractual Responsibility

The ISEARCH Unit is the responsible authority, without recourse to DSP, for settling all contractual and administrative issues arising out of procurements made by the unit. Matters concerning violation of law will be referred to the appropriate local, State, or Federal authority.

d) Requirements for Procurement

The requirements outlined below represent minimum State standards for the procurement of goods and services with DSP funds; ISEARCH Units may use their own applicable local rules and regulations if such standards meet or exceed the following:

1) The ISEARCH Unit shall develop or maintain a code of conduct, in addition to the rules stated herein, which shall govern the performance of its officers, employees, or agents in contracting with or expending DSP funds. To the extent permissible by State or local law, rules, or regulations, such standards shall provide for penalties, sanctions, or disciplinary actions to be applied for violations. Officers, employees, or agents of the ISEARCH Unit shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors.

2) All procurements will be made so as to provide maximum and free competition. The ISEARCH Financial Officer shall be alert to organizational conflicts of interest or non-competitive practices among contractors which may restrict or eliminate competition or otherwise restrain trade.

3) When a unit proposes to lease an item, it shall conduct a lease vs. purchase analysis to determine the most economical acquisition.

4) Each grantee must ensure that nondiscrimination assurances are received from any additional co-applicant, subgrantee, or contractor directly benefiting from the grant funds and that such assurances are in compliance with those standards cited in Section 1260.40(b) and are available in the grantees office for inspection and copying by employees of the Department of State Police.

5) All procurements in excess of $1,500 shall contain suitable provisions for termination by the ISEARCH Unit, including the manner by which termination will occur and the basis for settlement. Such provisions shall include conditions under which the contract can be terminated for default, as well as conditions where the contract can be terminated because of circumstances beyond the ISEARCH Unit's or the contractor's control.

6) Purchases exceeding $5,000 shall utilize a bid procedure. However, if the local primary contact agency's regular purchase procedures require a bid procedure for a lesser amount, the more restrictive procedure will apply. Local government established procedures may be utilized; however, records must document public advertising or notification, specifications, and justification for award. A copy of the purchase agreement with any modifications shall be available on file for inspections by DSP personnel. The public may access these records in accordance with The Freedom of Information Act (Ill. Rev. Stat. 1985, ch. 116, par. 201 et seq.).

7) Contracts shall be made only with responsible contractors who possess the ability to perform successfully under the terms and conditions of the proposed agreement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources, and accessibility to other necessary resources.

8) Contracts shall contain provisions or conditions which allow for administrative, contractual, or other remedies in instances where contractors violate or breach contract terms. Such provisions shall provide for appropriate sanctions and penalties. In addition, assurances from contractors shall be made to provide DSP with access to appropriate books and records which document the services and goods procured with ISEARCH grant funds.

9) A cost plus percentage of the cost purchase agreement shall not be used.

10) The ISEARCH Unit utilizing Governor's Executive Order Number 82-4 as a guideline, shall recognize minority and small business concerns when contracting with DSP funds.

e) Invitations for Bids

The unit shall use formal advertising or direct mail notification where the number of vendors is limited, with adequate descriptions, sealed bids, and public bid openings, unless otherwise authorized by Section 1260.290(f) (1)-(7). Where such advertised bids are received, the unit must award the contract to the lowest responsible bidder, price and factors affecting price considered. (Such factors may be discounts, transportation costs, or taxes.) Invitations for bids shall clearly set forth all requirements which the bidder shall fulfill in order for his bid to be evaluated by the ISEARCH Financial Officer. The award shall be for a fixed price purchase.

f) Negotiated/Sole Source Procurements

Procurements may be negotiated when formal advertising is impractical or unfeasible. The ISEARCH Unit shall attempt, however, to secure the maximum competition possible in all negotiated procurements. Generally, procurements may be negotiated if one of these conditions apply:

1) Public exigency or emergency will not permit delay.

2) The material or service to be procured is available only from one person or one firm.

3) The aggregate amount of the procurement does not exceed $5,000.

4) The contract is for personal, professional, artistic services, or for any service to be rendered by a university, college, or other non-profit educational institution.

5) No acceptable bids have been received after formal advertising.

6) The procurement involves use of State or local existing contracts that were originally entered into on a competitive basis.

7) The purchases are for highly perishable materials or medical supplies, for material or services where the prices are established by law, for technical items or equipment requiring standardization and interchangeability of parts with existing equipment, for experimental, developmental or research work, for supplies purchased for authorized release, or for technical or specialized supplies requiring substantial initial investment for manufacture.

g) Special Considerations

1) The ISEARCH Unit will attempt to use its equipment before purchasing other equipment.

2) The ISEARCH Unit shall include appropriate provisions for late delivery of equipment by contractors. These may include penalty clauses and contract bonds. If the contractor will be delinquent in fulfilling projected delivery schedules, the ISEARCH Unit shall notify DSP immediately.