

ACCOUNTING BULLETIN

TO: Fiscal Officers of All State Agencies

FROM: Steven L. Valasek, Director of State Accounting

DATE: June 25, 2010

SUBJECT: Subcontractor Disclosure Requirements

NUMBER: 158

Public Acts 96-0795 and 96-0920 added a new Subcontractors section in the Illinois Procurement Code (30 ILCS 500/20-120). Prior to these changes, the Illinois Procurement Code required the disclosure of subcontractors only for Professional and Artistic services contracts (30 ILCS 500/35-40). The new language requires disclosure for all contracts (defined at 30 ILCS 500/1-15.30) subject to the Procurement Code for which contractors were first solicited on or after July 1, 2010. The date of first solicitation will be evidenced by the “Publication Date” on the Contract Obligation Document (C-23). For contracts that do not require solicitation, the Illinois Office of the Comptroller (IOC) will use the earliest date of the required signatures on the contract in lieu of the “Publication Date”.

The following section was added by Public Act 96-0795. Subsequent amendments by Public Act 96-0920 are shown below with new language underlined and deleted language lined through:

30 ILCS 500/ 20-120(a):

“Any contract granted under this Code shall state whether the services of a subcontractor will or may be used. The ~~To the extent that the information is known,~~ the contract shall include the names and

addresses of all known subcontractors with subcontracts with an annual value of more than \$25,000 and the expected amount of money each will receive under the contract. For procurements subject to the authority of the chief procurement officer appointed pursuant to subsection (a)(2) of Section 10-20, the contract shall include only the names and addresses of all known subcontractors of the primary contractor with subcontracts with an annual value of more than \$25,000. The contractor shall provide the chief procurement officer or State purchasing officer a copy of any subcontract with an annual value of more than \$25,000 so identified within 20 days after the execution of the State contract or after execution of the subcontract, whichever is later. A subcontractor, or contractor on behalf of a subcontractor, may identify information that is deemed proprietary or confidential. If the chief procurement officer determines the information is not relevant to the primary contract, the chief procurement officer may excuse the inclusion of the information. If the chief procurement officer determines the information is proprietary or could harm the business interest of the subcontractor, the chief procurement officer may, in his or her discretion, redact the information. Redacted information shall not become part of the public record.”

The IOC has added a new step to our contract pre-audit procedures to check for subcontractor disclosure. All contracts under the jurisdiction of the Illinois Procurement Code must state whether the services of a subcontractor will or may be used. For known subcontractors with subcontracts with an annual value of more than \$25,000, the contract shall include their name, address, and the dollar allocation for each subcontractor. Any contract not in compliance with this new requirement will be rejected by the IOC.

The IOC has also added a new edit to monitor the associated fiscal records in SAMS. Agencies must indicate on the Contract Obligation Document whether a subcontractor is utilized (“Y” or “N” in the “subcontractor utilization” field) and whether the detailed information about the subcontractor is disclosed in the contract (“Y” or “N” in the “subcontractor disclosure” field). In addition, agencies with on-line transactions must complete these two fields on the SAMS Purchase Order Input

Form Screen. Please review Accounting Bulletin 140 for a detailed description of these fields on the SAMS Purchase Order File Layout, the SAMS Purchase Order Input Form Screen, the SAMS Open Line Inquiry Screen, and Contract Obligation Document.

If you have any questions pertaining to this bulletin, please contact Brett Cox at (217) 782-3686. Agencies may access this and other Payroll, SAMS and Accounting Bulletins on the Comptroller's website at www.ioc.state.il.us under Resource Library.