

OMB Circular 1.1

IDOA Guidance on SEA 5 (2025) – Pilot Program and Procurement Matters (effective July 1, 2025)

Purpose

The purpose of this Office of Management and Budget Circular (OMC) is to provide guidance to state agencies on an IDOA Procurement Pilot Program and the procurement/contracting requirements of SEA 5 (2025 Session).

Procurement Pilot Program

1.1 IDOA Pilot Program: New Agency Delegated Thresholds and Requirements for purchases under \$150,000

Effective July 1, 2025, IDOA will pilot a new delegation of authority for state agency purchase agents who are currently DPAP-certified. This new delegation of authority is in line with Senate Enrolled Act 005 and will inform IDOA's small purchase strategy. The goal of this pilot program is to ensure that smaller purchases are made efficiently, while larger purchases benefit from competition and transparency.

When identifying the requirements to follow, please keep in mind that the purchase price is the total amount of the purchase - not the price per item, if more than one item is to be purchased. Separating purchases into smaller amounts to avoid the \$150,000 purchasing threshold is prohibited, harms the state's bargaining power, will result in rescission of an agency's ability to participate in the pilot, and may result in a rescission of an agency's delegation of procurement authority.

1.1.1 Pilot Program Dates:

Exceptions to ICI, Ability Indiana, and QPA Purchases: This pilot program will run from July 1 through July 31, 2025.

Increased RFQ Limits: This pilot program will run from July 1 through August 15, 2025.

1.1.2 Limited Delegation:

IDOA, in its discretion and as declared by statute as the holder of the State's purchasing authority, may revoke this delegation at any time or extend this pilot program. After pilot program data is evaluated, IDOA may adjust its policies. Failure to follow this policy may result in the agency losing some or all of its delegated procurement authority. All IOT and MPH requirements still apply.

Procurement Procedures Still Apply: This document is a policy. This document does not contain procedures for implementing purchases in Peoplesoft. Continue to follow the DPAP Manual for procurement related procedures.

1.1.3 ICI and Ability Indiana Purchases

- A. Please refer to Indiana Code § 5-22-11 and § 5-22-12. These laws dictate that the supplies and services purchased from Indiana Correctional Industries (ICI) and Ability Indiana must meet specifications and must be purchased at a fair market price.

- B. Agencies are expected to purchase from ICI or Ability Indiana when required by law and when products and services are available that meet the agency's needs.
- C. If the supplies or services to be purchased are available from more than one ICI/Ability Indiana organization, agencies must buy from the supplier offering the lowest cost.
- D. Purchases may be made from these contracts at any time and no additional competitive solicitation is required.

1.1.4 Exception for Goods/Products Only. Agencies can request an exception from this requirement to purchase through ICI and Ability Indiana if all the following apply:

- A. The purchase is more than \$5,000;
- B. The agency obtained four quotes for the same product or a product of similar quality. Note that, pursuant to new state laws, opportunities \$5,000 or greater must be posted on IDOA's website for a minimum of 30 days;
- C. The lowest quote received will save a minimum of 5% of the total purchase price; **AND**
- D. No other law requires purchasing directly from ICI or Ability Indiana.

1.1.5 QPA purchases

- A. A Quantity Purchase Agreement (QPA), established by the IDOA Procurement Division, is a contract for repetitively purchased supplies or services.
- B. Only IDOA has the authority to establish QPAs.
- C. IDOA negotiates discounts and competitive pricing with QPA vendors using the State's pooled negotiating power in order to ensure all state agencies have access to a competitive price and to streamline purchasing. Note that vendors offer discounts based on expected volume of purchase. Failure to purchase from QPAs often erodes discounts that vendors are willing to provide over the long term.
- D. If the supplies or services to be purchased are available from more than one QPA, agencies must buy them from the QPA offering the lowest cost.
- E. Purchases may be made from these contracts at any time and no additional competitive solicitation is required.
- F. **Exception for Limited Types of Goods/Products.** The agency can request an exception from this requirement to purchase from the QPA if all the following apply:
 - i. The purchase is more than \$5,000;
 - ii. The agency obtained four quotes for the same product or a product of similar quality. Note that, pursuant to new state laws, opportunities \$5,000 or greater must be posted on IDOA's website for a minimum of 30 days;
 - iii. The lowest quote will save a minimum of 5% of the total purchase price; **AND**
 - iv. No other law or policy requires purchase from the QPA.
 - v. **This exception does not apply to:** services, Information Technology (IT) hardware, software, XaaS (SaaS, PaaS, IaaS), or Artificial Intelligence (any and all technology of any kind), and marketing purchases (must follow the marketing QPA purchase procedure).

1.1.6 Small Purchases under \$5,000

- A. The price refers to the total purchase price. Agencies must not separate a purchase into smaller purchases in order to avoid governance.
- B. When purchases are not available from ICI, Ability Indiana, or QPAs, IDOA permits an authorized procurement agent of the agency to approve these purchases.
- C. Agencies are encouraged to still seek competition by soliciting 4 quotes.
- D. IT purchases must follow IOT and MPH requirements no matter the purchase amount.**

1.1.7 Agency Formal Purchases from \$5,000 to under \$150,000 (IC 5-22-8-3)

- A. The price refers to the total purchase price. Do not separate a purchase into smaller purchases in order to avoid governance.
- B. Agency will issue a Request for Quotes/Qualification (RFQ), which must be posted for 30 calendar days on IDOA's website. See instructions [here](#). For remaining questions, after reviewing DPAP requirements, contact idoaprocsupport@idoa.in.gov.
- C. When ICI, Ability Indiana, and QPAs do not provide the goods or services needed, use this RFQ process. For IT purchases, all IOT and MPH requirements still apply.

1.1.8 Cooperative Purchase Contracts and GSA Purchases (Co-Op Purchases)

- A. Only IDOA can enter into a contract with a Cooperative organization. Cooperative examples include NASPO, SOURCEWELL, MMCAP, OMNIA, etc.
- B. The United States General Services Administration (GSA) provides certified national best pricing for vendors that enter into contracts with the GSA.
- C. These procurement vehicles are often referred to as "national best price".
- D. Agencies cannot sign cooperative purchase agreements, statements of work, or addenda purporting to be under a cooperative purchase agreement or a GSA contract. A statement of work that simply references the cooperative purchase agreement or GSA contract does not comply with Indiana law and will not be approved.
- E. IDOA is committed to helping agencies access national best pricing. **To make a purchase using this method, you must contact IDOA Vendor Management.**
- F. When a need cannot be fulfilled through ICI, Ability Indiana, or a QPA, the agency can submit a request to IDOA Vendor Management at vendormanagement@idoa.in.gov for purchase through GSA or a cooperative purchase agreement. IDOA will process the procurement. An additional competitive solicitation is **not** required.

1.1.9 Purchases of \$150,000 or more: RFP, RFI, RFS, NB

- A. Agencies do not have the delegated authority to purchase anything \$150,000 or more.
- B. Agencies should submit an electronic Letter of Intent (eLOI) and a Statement of Work (SOW) to IDOA.
- C. IDOA will manage a formal solicitation through a Negotiated Bid or a Request for Proposal, Information, or Services as needed.

1.1.10 Last Resort: Special Procurement Request

- A. An agency may only submit a special procurement request when all of the purchasing methods above have been thoroughly and exhaustively researched, and no alternative was found to meet

the agency's reasonable needs. **Competition is expected and almost always required.**

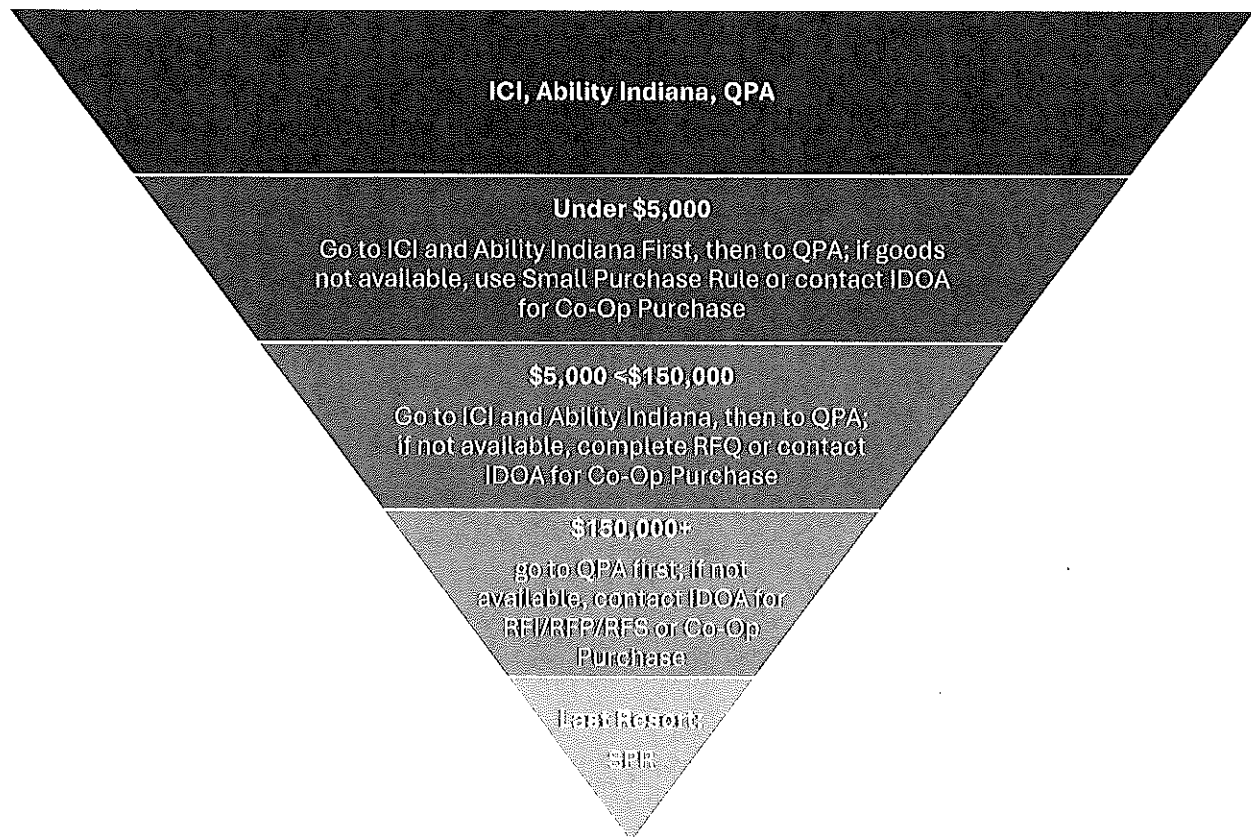
Agencies must plan ahead to allow adequate lead time for competing out purchases and finalizing contracts.

- B. SPRs will only be approved under limited circumstances that are clearly and strongly justified under Indiana law.
- C. Agencies may submit SPRs for the following reasons. IDOA will report agency special procurement activity to the State Budget Committee. IDOA has full discretion to approve, deny, or require modification of the SPR:
 - i. **IC 5-22-10-13. Single Source for Supplies:** This is a sole source for supplies/goods only, and IDOA will only approve when justification is provided showing that there is only one source for the supplies to be purchased. Follow DPAP procedures related to "sole source" letters.
 - ii. **IC 5-22-10-8. Compatibility:** This is a sole source for a service, mainly used for service or repair on a specialized piece of equipment that is only completed by the manufacturer or to purchase the same make/model as an existing asset when doing so would create a savings related to operation or training related to the assets. A good example of compatibility is a manufacturer being the only certified warranty and repair provider for a specialized lab instrument at the state toxicology lab.
 - iii. **IC 5-22-10-18. Copyright:** IDOA will approve SPRs for this reason only when there is justification that a copyright, trademark, or protected intellectual property exists for the materials in question. A good example of a copyright purchase is when an agency purchases a sponsorship from a sports team and receives the rights to use the sports team's trademarks and copyrighted materials.
 - iv. **IC 5-22-10-7. Data Processing:** This is for a very limited situation where service providers and suppliers in the IT categories (on IT QPAs) cannot meet specific needs of the agency. This SPR is a temporary solution and will only be granted for a short time.
 - v. **IC 5-22-10-5. Savings to Governmental Body:** This SPR will only be approved for 1) sales contracts; 2) situations where there is strong proof that a competitive sourcing event returned prices that are higher than could be negotiated through a SPR; or 3) other uncommon and limited circumstances where the state will receive rebates or some other high-value consideration as part of the deal.
 - vi. **IC 5-22-10-4. Emergency Conditions:** IDOA may approve a SPR when a true emergency exists that threatens public health, welfare, or safety. A lack of prior planning by the agency does not constitute an emergency for purposes of this section.
 - vii. **IC 5-22-10-9. Agency Impairment:** Agency impairment SPRs will only be approved when: 1) the agency has failed to adequately plan for a procurement, has allowed a vendor to work at risk, or has otherwise not properly engaged in the purchasing process; 2) failure to move forward will cause irreparable harm to the agency; **AND** 3) only a competitive sourcing event would have avoided the SPR. In these situations, IDOA may, in its discretion, approve a limited SPR for a minimum amount of time to enable the agency to complete a competitive sourcing event. The agency will be required to submit an eLOI in order for its SPR to be approved.

- D. The following SPR categories are not available to agencies without prior authorization. An agency must contact and receive prior authorization from IDOA before submitting a SPR for these categories:
- i. **IC 5-22-10-12, 14, 15, and 16. GSA, Federal Contract, Government Discount Available:** These SPRs are not available to agencies. These SPRs are for IDOA use only. IDOA uses these SPRs to complete Co-Op Purchases for agencies. **IDOA encourages agencies to contact IDOA Vendor Management for Co-Op Purchases.**
 - ii. **IC 5-22-10-6.** Auctions.
 - iii. **IC 5-22-10-10.** No offer received under other purchasing method.
 - iv. **IC 5-22-10-17.** Gifts: The Indiana Ethics Code must be followed. Contact IDOA for more information.
 - v. **IC 5-22-10-19.** Purchase from a public utility.
 - vi. **IC 4-22-10-20.** Purchase of petroleum products by aviation commissioners, airport authority, or port authority.
 - vii. **IC 5-22-10-11.** Evaluation of supplies or system containing supplies.
 - viii. **IC 5-22-10-1, 2, and 3.** These sections of the Indiana Code require competition as a default for government purchases and do not give rise to a special procurement justification.

1.1.11 Visual Reference

Below is a general guide to help agency purchasing agents make decisions. This is a general visual guide and does not include the exceptions identified above. **Note: this graphic is for visual purposes only and is not meant to incorporate all requirements listed in the policies above. IT purchases must follow IOT and MPH requirements no matter the total purchase amount. Marketing services must be purchased through the Marketing QPA.**



SEA 5 (2025) Contracting Requirements

2.2 Compliance with SEA 5 (2025) Requirements

Indiana Code § 5-35.7 was created pursuant to Senate Enrolled Act 005 (2025).

Indiana Code § 5-35.7-4 addresses mandatory contract terms and other activities for most contracts with a total not to exceed value of \$500,000 or more. The requirements listed in Indiana Code § 5-35.7-4-2 will be executed as follows:

2.2.1 Scopes and Success Metrics

Consistent with Financial Management Circular (FMC) 3.1, state agencies are currently required to utilize statements/scopes of work with clear requirements, definition of roles and responsibilities, and success metrics. IDOA will provide refreshed statement of work templates and success metrics/key performance indicators by purchase category (which is defined as a group of UNSPCs under a common umbrella; ex. “IT services purchase category”), in its discretion and as it deems necessary, in the course of implementing management of contracts and purchases statewide by category in the coming months. These refreshed templates will not alleviate state agencies’ current and ongoing obligations to abide by FMC 3.1.

2.2.2 Liquidated Damages and Remedies

Consistent with Financial Management Circular (FMC) 3.1, state agencies are currently required to utilize contract language that defines corrective actions, remedies, and consequences for missed expectations. IDOA will provide an updated state boilerplate contract template that includes liquidated damages and other remedies to the state for failure to meet contractual requirements, performance standards, and key performance indicators in the course of implementing management of contracts and purchases statewide by category in the coming months. This updated state boilerplate contract template will not alleviate state agencies’ current and ongoing obligations to abide by FMC 3.1.

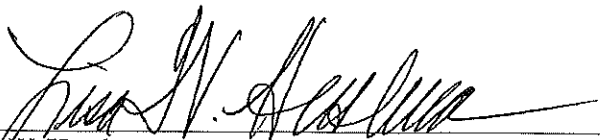
2.2.3 Independent Third Party Review

SEA 005 requires implementation of independent verification and validation (IV&V) of contract performance and compliance. IDOA is the agency charged with implementing IV&V on contracts. IDOA, in its discretion, will determine the level of IV&V required on a contract and will provide the IV&V service. Direction for and administration of IV&V services shall be by IDOA and payment for the expenses thereof shall be by the contracting state agency.

2.2.4 Contract Opportunities

Indiana Code Section 5-35.7-6-3 requires that “[a]ll contract opportunities of state agencies must be posted in the form of a request for proposals or a request for quotations on [IDOA’s] website at least thirty (30) days prior to the contract being awarded.” Effective July 1, 2025, “contract opportunities”, as set forth in IC 5-35.7-6-3, is defined as contracts for the purchase or sale of any item or service, including but not limited to quantity purchase agreements, “zero-dollar contracts”, competitive sourcing events, requests for innovation/information that reserve the right to award a contract. The definition does not include small purchases under \$5,000 pursuant to IC 5-22, contracts that do not

involve the sale or purchase of any good or service (interlocal agreements, non-disclosure agreements, memoranda of understanding between agencies, etc.), grant agreements, which are awards or sub-awards of grant funding made through use of the State grant sub-award template, or contracts specifically excluded by Indiana Code 5-35.7.



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