

Board Meeting
January 21, 2010

Revised

REVISE DOLLAR LIMITS ON PURCHASES, LEASES, CONTRACTS, AND OTHER
ACTIONS REQUIRING SPECIFIC BOARD OF TRUSTEES AUTHORIZATION

Action: Approve the Revision of Dollar Limits on Purchases, Leases, Contracts,
and Other Actions Requiring Specific Board of Trustees Authorization

Funding: No New Funding Required

The General Rules Concerning University Organization and Procedure,

Article II (Business Organization and Policies), Section 4 (Award and Execution of

University Contracts), subsection (f), provides that:

Purchases, contracts, change orders, and leases involving payments by the University in one fiscal year in excess of such dollar amounts as the Board of Trustees may specify from time to time shall be specifically authorized by the Board of Trustees...

At its September 10, 2009, meeting, the Board asked staff to review current Board transaction approval levels. A working group of business and legal staff members have now reviewed the dollar limits for purchases, contracts, and other actions requiring specific Board of Trustees authorization and formulated the following recommendations:

Prior authorization of the Board is required for:

Contracts for professional services requiring payment by the University in one fiscal year of \$1,000,000 or more. The current Board approval level is \$100,000.

Purchases of supplies, equipment, and non-professional services requiring payment by the University in one fiscal year of \$1,000,000 or more. The current Board approval level is \$200,000.

Individual capital projects the budget of which is ~~\$10,000,000~~ **\$5,000,000** or more. The current Board approval level is \$2,000,000.

Contracts for professional services related to capital projects requiring payment by the University of \$1,000,000 or more. The current Board approval level is \$150,000.

Construction contracts requiring payment by the University of \$2,500,000 or more. The current Board approval level is \$500,000.

Change orders for Board approved professional services contracts, purchase agreements for supplies or equipment, or construction contracts that exceed 25 percent of the contract will be reported to the Board at its next scheduled meeting.

The Board delegates authority to the Comptroller to approve purchases, contracts, and capital project budgets below the above specified dollar amounts.

The Board delegates authority for emergency transactions that, in the opinion of the President of the University, require immediate action. In the case of such emergency transactions, the President shall act to approve the transaction on behalf of the Board of Trustees and report the same promptly to the Board. If the amount involved in such an emergency transaction is less than \$1,000,000, the President will not approve the transaction without first consulting individually those members of the Executive Committee of the Board who can reasonably be contacted before the emergency action must be taken. Similar consultation will occur with all Board members who can

reasonably be contacted before presidential action on an emergency transaction of \$1,000,000 or greater.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

The Vice President/Chief Financial Officer and Comptroller concurs with the revisions recommended by the working group.

The Interim President of the University recommends approval.