

Board Meeting
June 9, 2011

*AMEND THE GENERAL RULES CONCERNING UNIVERSITY ORGANIZATION AND
PROCEDURE*

Action: Amend *The General Rules Concerning University Organization and Procedure* [Article II, Sections 4 to 6, Various Paragraphs]

Funding: No New Funding Required

In November 2009, then President Ikenberry appointed the Administrative Review and Restructuring (ARR) Working Group to broadly review the University's administrative structure and delivery of services and recommend reforms to improve performance and reduce costs. In its June 2010 final report, the ARR Working Group recommended, among other things, that *The General Rules* be amended to modernize contract processes and to reduce the layers of approval required for routine contracts. The recommendation was based on the report of the Regulatory Relief Subcommittee of the ARR Working Group.

Article II, Sections 4 to 6 of *The General Rules* currently provide for a manual, paper-driven contract process and require review and written approval by legal counsel of every contract, even those that pose little or no legal risk to the University. It is estimated that the University processed a minimum of 11,000 contracts in 2009. This number includes not only procurement contracts, but also contracts for research grants, technology licenses, real estate transactions, academic affiliations, international

collaborations, and many no-dollar arrangements. The number of contracts has grown approximately 13 percent annually over the past several years. *The General Rules* do not reflect recent changes in technology and State law that accommodate electronic systems of archiving and signatures. *The General Rules* also contain obsolete references to extinct administrative structures and do not acknowledge current best business practices.

The University Counsel and the Vice President/Chief Financial Officer and Comptroller recommend the attached revisions to Article II, Sections 4 to 6 of *The General Rules* in order to implement a key recommendation of the ARR Working Group. These revisions will reduce burdensome administrative processes in the contract process. They will afford flexibility in the use of administrative and legal resources through a contracting policy to be approved and routinely reviewed by the University Counsel and the Vice President/Chief Financial Officer and Comptroller. This important revision recognizes that financial and legal risks may shift over time and that not all contracts pose equal risk to the University. Accordingly, not all contracts will require review/approval by University Counsel. The revisions will also eliminate the requirement that the Secretary of the Board of Trustees attest to the Comptroller's signature on every contract. In addition, the revisions to *The General Rules* will accommodate changes in State law contracting and archival practices and will clean up inconsistencies and inaccurate internal references.

The President has consulted with the University Senates Conference and recommends approval of the attached revisions to *The General Rules*, effective July 1, 2011.

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.