

Approved by the Board of Trustees,
September 8, 2005

Board Meeting
September 8, 2005

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 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 meetings on June 1, 2000, the board adjusted approval levels for the purchase of professional services, supplies and equipment, professional services for capital projects, capital projects, and construction contracts. These adjustments followed recommendations of a board working group to review them. At its meeting on July 14, 2005, the board formed another working group to review current approval levels in these categories. Following its meetings, the working group appointed in July recommends the

following revisions of dollar limits for purchases, contracts, and other actions requiring specific Board of Trustees authorization:

Prior authorization of the board is required for:

Contracts of professional services requiring payment by the University in one fiscal year of \$100,000 or more. The current board approval level is \$200,000.

Purchases of supplies, equipment and non-professional services requiring payment by the University in one fiscal year of \$200,000 or more. The current board approval level is \$500,000.

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

Contracts for professional services related to capital projects requiring payment by the University of \$150,000 or more. The current board approval level is \$200,000.

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

In addition to these approval levels, any change order for professional services contracts or purchase agreements for supplies or equipment that exceeds \$50,000 or to construction contracts that exceeds \$250,000 requires prior approval of the board.

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 which case 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 in excess of \$500,000 (for transactions other than professional services)

\$250,000 (for professional services transactions) but not more 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 must occur with all board members who can reasonably be contacted before presidential action on an emergency transaction over \$1,000,000.

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 for Administration concurs with the revisions recommended by the working group.

The President of the University recommends approval.