

Contract Procedures

Under the statutes of the State of Illinois, the Board of Trustees has certain specific powers, among which is the power "to enter into contracts," Illinois Compiled Statutes, chapter 110, act 685, section 30-40. Pursuant to this authority, the Board has promulgated as part of the Board Regulations sections concerning employment as well as sections entitled Obligation of Financial Resources, Real Property and Capital Projects and has adopted purchasing regulations, entitled Procurement Rules of the Chief Procurement Officer for Public Institutions of Higher Education. These rules and regulations govern all contracts and agreements entered into and executed by Northern Illinois University and afford the primary guide in the preparation and execution of university contracts and agreements. These procedures are developed within the context of the board actions.

The *Obligation of Financial Resources* provides that certain contracts and agreements must be approved and executed at the board level and that other contracts and agreements may be approved and executed at the university level. This regulation classifies contracts and agreements into five categories: *purchases*, *personal services*, *performance*, *professional services and consulting*, and *capital*, which are defined as follows:

Purchases. Purchases consist of contracts and other agreements involving the acquisition of personal property or services other than personal services, consultant and professional services and services relating to capital projects as defined in the Board Regulations. Licenses involving the use of real property on a temporary or occasional basis are treated as purchases. Examples of purchase transactions, among others, include: purchase orders for commodities and equipment; service contracts for utilities or maintenance; licenses for the use of intellectual property and contracts with other agencies, such as for fire protection.

Personal Services. Contracts for personal services are those which involve the Board in an employer-employee relationship and include contracts with faculty, administrative personnel, civil service employees and student employees as well as collective bargaining agreements.

Performance. Performance agreements include contracts and agreements with outside agencies which commit the university to undertake or participate in the performance or supply of a specific task, service or product, including grants and contracts with governmental or private agencies for specific programs of research, instruction and public service.

Professional Services and Consulting. Contracts for professional services and consulting are contracts and other agreements involving consultants providing specialized and technical professional services other than those relating to capital projects. Examples of such contracts include: contracts for professional services with consultants, actuaries, insurance underwriters, brokers, attorneys and the like, and contracts with visiting performers or lecturers.

Capital. Capital contracts are those involving the physical facilities of the Board, including real estate transactions, contracts with architects and engineers, construction contracts and service contracts related to capital.

Contracts to be Approved and Executed at Board Level

Any transaction involving the acquisition or conveyance of real property, including any easement and any lease with an option to purchase, requires specific board approval. All documents involving interests in real property approved by the board must be signed by the chair and the secretary of the board. The president, the treasurer and the assistant secretaries of the board are authorized to sign on behalf of the chair and the secretary provided no one official may sign the same document in more than one capacity.

Any lease transaction, whether the board is the lessor or the lessee, involving an obligation in the aggregate of \$250,000 or more, regardless of the source of funds, requires specific board approval. The president, the treasurer and the assistant secretaries of the board are authorized to sign on behalf of the chair and the secretary provided no one official may sign the same document in more than one capacity.

Contracts to be Approved at Board Level and Delegated for Execution at University Level

Any noncapital procurement transaction involving an obligation of \$250,000 or more, regardless of source of funds, including transactions for professional services and consulting, with the exception of contracts for utilities services, library books and periodicals, textbooks, food products, approved generic commodities bid through the Illinois Public Higher Education Cooperative, items authorized for resale to individuals and nonuniversity organizations and contracts with visiting performers paid from gate receipts and student activity fees, requires specific board approval. Subject to board approval the president and those the president delegates to sign such contracts in accordance with this procedure are authorized to sign such contracts.

Any appointment of personnel to a position of vice president or dean, including acting or interim appointments, require board approval.

Any performance agreement which would result in the commitment of institutional funds on an ongoing basis to the establishment of a new unit of instruction, research or public service require board approval. Subject to board approval the president and those the president delegates to sign such contracts in accordance with this procedure are authorized to sign such contracts.

Capital improvement projects and transactions for equipment and materials or other services associated with capital improvement projects, involving a project budget of \$250,000 or more, regardless of the source of funds, and all capital improvement projects, regardless of budget, involving significant new space or significant programmatic expansion, require board approval, prior to the development of preliminary plans and specifications. The budget shall include all fees, reimbursements, construction costs, contingencies and, where applicable, the cost of associated equipment and materials or services. Any project for which the bid estimates, the actual bids or the construction costs due to change orders exceed the approved budget must be resubmitted for board approval. The employment of architects and engineers on projects with a budget of \$250,000 or more requires board approval. Contracts for capital improvements or associated equipment and materials or other services within the approved budget do not require specific board approval. Subject to board approval the president and those the president delegates to sign such contracts in accordance with this procedure are authorized to sign such contracts.

In cases of emergency the president may approve construction projects and change orders, ordinarily requiring board approval, with the concurrence of the board chair. Such approval shall be reported to the board.

Contracts to be Approved by the President and Delegated for Execution at University Level

Any noncapital procurement transaction involving an obligation of \$25,000 or more but less than \$250,000, regardless of source of funds, including transactions for professional services and consulting, except contracts for utilities services, library books and periodicals, textbooks, food products, approved generic commodities bid through the Illinois Public Higher Education Cooperative, items authorized for resale to individuals and nonuniversity organizations and contracts with visiting performers paid from gate receipts and student activity fees, requires specific presidential approval. Subject to presidential approval the president and those the president delegates to sign such contracts in accordance with this procedure are authorized to sign such contracts.

Any lease transaction, whether the board is the lessor or the lessee, involving an obligation in the aggregate of \$25,000 or more but less than \$250,000, regardless of the source of funds, requires specific presidential approval. Subject to presidential approval the president and those the president delegates to sign such contracts in accordance with this procedure are authorized to sign such contracts.

Capital improvement projects and transactions for equipment and materials or other services associated with capital improvement projects, involving a project budget of \$25,000 or more but less than \$250,000, regardless of the source of funds, require presidential approval, prior to the development of preliminary plans and specifications. The budget shall include all fees, reimbursements, construction costs, contingencies and, where applicable, the cost of associated equipment and materials or services. Any project for which the bid estimates, the actual bids or the construction costs due to change orders exceed

the approved budget must be resubmitted for presidential approval. The employment of architects and engineers on projects with a budget of \$25,000 or more but less than \$250,000 requires presidential approval. Contracts for capital improvements or associated equipment and materials or other services within the approved budget do not require specific presidential approval. Subject to board approval the president and those the president delegates to sign such contracts in accordance with this procedure are authorized to sign such contracts.

All nonpersonnel obligations of financial resources greater than \$100,000 but less than \$250,000, including those involving real property, must be reported to the Board on a quarterly basis. All capital projects with a budget over \$100,000 shall be reported to the board semi-annually.

Contracts Approved and Executed at University Level

Any transactions involving an obligation of less than \$25,000 and any contracts for utility services, library books and periodicals, textbooks, food products, approved generic commodities bid through the Illinois Public Higher Education Cooperative, items authorized for resale to individuals and nonuniversity organizations and contracts with visiting performers paid from gate receipts and student activity fees do not require specific board or presidential approval and may be executed in accordance with the delegation of signature authority herein.

Any appointment of faculty and administrative personnel to a position other than that of vice president or dean shall be approved by the Executive Vice President and Provost.

Performance agreements, not involving the establishment of a new unit of instruction, research or public service, do not require board or presidential approval and may be executed in accordance with the signature authority herein. Such agreements involving \$25,000 or more are to be reported to the Board.

Contracts involved in capital projects involving an obligation of less than \$25,000 do not require board or presidential approval and may be executed in accordance with the signature delegation herein.

Delegation to Execute Contracts at University Level

The President has been authorized by the Board to delegate to members of the staff the authority to sign contracts, subject to the required approvals provided herein, and this responsibility is herewith delegated as follows:

1. For contracts respecting the business operations of the university or otherwise not delegated to:
 - Executive Vice President for Business and Finance
 - Associate Vice President for Finance and Facilities/Operations
2. For contracts respecting the academic interests of the University to:
 - Executive Vice President and Provost
 - Vice Provost
 - Vice President for Research
 - Director, Sponsored Projects (performance contracts only)
 - Vice President for Administration and University Outreach (contract-course contracts only)
 - Dean, University Libraries (deeds of gift to the Regional History Center only)
3. For purchase orders, whatever the dollar amount to:
 - Executive Vice President for Business and Finance
 - Associate Vice President for Finance and Facilities/Operations
 - Manager of Procurement Services
 - Director, Support Services—Procurement and Human Resources
4. For contracts respecting university outreach:

Vice President for Administration and University Outreach

5. For contracts relating to entertainment or with visiting performers to:

Director, Student Involvement and Leadership Development
Vice President for Student Affairs
Assistant Vice President for Student Life

6. a. For contracts relating to Intercollegiate Athletic events, whatever the dollar amount, to:

Executive Vice President for Business and Finance

- b. For contracts relating to Intercollegiate Athletic events under \$2,500 to:

Director, Intercollegiate Athletics

7. For contracts relating to the employment of individuals:

Associate Vice President for Administration and Human Resources

8. For WESTLAW User Agreements under WESTLAW Subscriber Agreements to:

Director, Shapiro Law Library

9. For Letters of Agreement involving Business and Industry Services to:

Executive Director, Business and Industry Services

with a required countersignature of the:

Vice President for Administration and University Outreach

Drafting, Executing and Filing University Contracts

All two-party contracts should be fully executed prior to performance. Where a two-party signed agreement is required, no work on any such procurement contract should begin until all authorized parties to the contract have signed a formal written document. Professional and artistic contracts in excess of \$5,000 and all real property leases must be reduced to signed two-party agreements. Signed two-party agreements will also be used where in the best interests of the university or where required by the outside vendor.

In order to comply with the requirements of state law and the Board Regulations, relating to executing and filing university contracts, all leases and other written purchasing agreements will be undertaken in accordance with the following procedures:

1. The key elements of contracts (for example, scope of work, compensation, duration, or in the case of a subcontract, pertinent information about the underlying grant or contract) will be drafted by the university department which is responsible for the work and is best acquainted with the subject matter. Departments are urged to contact the University Counsel/Contracts Administrator with any questions they may have.
2. A draft of the key provisions of the contract will be sent to the Accounting Office attached to a purchase requisition form for the contract amount.
3. Accounting will verify the financial data and departmental approvals and send the purchase requisition form to the Procurement Services office.
4. If prior approval of the Board or the President is required, Procurement Services will be responsible for notifying the Financial Affairs Office that a noncapital contract is pending. Financial Affairs will obtain approval of the Board or the President as appropriate. Approval of capital transactions and projects will be obtained by Business and Finance.

5. Procurement Services will send a copy of the requisition with any attachments to the University Counsel/Contracts Administrator.
6. All contracts will be approved as to legal form and validity by the University Counsel/Contracts Administrator prior to execution.
7. The University Counsel/Contracts Administrator will be responsible for obtaining the signatures of the parties and dating the contract. All contracts must be executed at least in duplicate.
8. One original counterpart of the contract will be retained by the University Counsel/Contracts Administrator in the Office of General Counsel. The University Counsel/Contracts Administrator will transmit any other copies of the contract to Procurement Services for distribution.
9. Procurement Services will prepare a purchase order, transmitting copies of the contract and the purchase order to the contractor and the requesting department unless they already have copies.
10. All procurement contracts in excess of \$10,000 and all professional and artistic contracts in excess of \$5,000 are required to be filed with the State Comptroller within 15 calendar days from the date of execution. Accounting will file a copy of the contract along with the purchase order or a COD (Contract Obligation Document) form with the State Comptroller.

Contracts for personal services are handled by the Office of the Provost, Human Resources, or Student Financial Aid in accordance with their procedures. Performance contracts and academic contracts in which no expenditure of funds is involved, including but not limited to affiliation and training agreements, must be approved as to legal form by the University Counsel/Contracts Administrator and signed in accordance with the above delegation of authority.

All contracts will be entered into within the limitations imposed by federal and state law, including, but not limited to equal opportunity legislation, the Illinois Procurement Code, conflict of interest statutes, state and federal tax exemptions and nondiscrimination statutes.

Special procedures may be established between contracting areas and the University Counsel/Contracts Administrator. Individuals should contact the University Counsel/Contracts Administrator concerning procedures for handling contracts which are not covered by the five categories described above. Any modification to these procedures must be approved by the President or the University Counsel/Contracts Administrator, and should be established in writing.

Rev. 5/20/05