

How to Get Expenditure Contracts Processed Smoothly

UIC Administrative Staff Leadership
Conference 2007

Thursday, March 8, 2007



OBFS Purchasing Mission Statement

➤ Mission Statement

- The Purchasing mission is to support the procurement requirements of the University in a professional, ethical, and timely manner.

➤ Vision Statement

- The Purchasing Division will utilize technology, streamline processes, and provide value driven services, enabling Purchasing customers to acquire necessary goods and services.

Course Objectives

- Provide step-by-step guidelines for development and timely processing of expenditure contracts
- Provide key components for timely contract execution prior to commencement dates.

State of Illinois Procurement Requirements

- Illinois Procurement Code – July 1, 1998
- Uniform Documents
- World Wide Advertising via Illinois Public Higher Education (IPHE) Procurement Bulletin
 - <http://www.procure.stateuniv.state.il.us>
- Bidding required by law – Thresholds
- Maximum duration of expenditure contracts– ten years
- Awards reviewed by Procurement Policy Board
 - 2004 Amendment to Illinois Administrative Code

What is Available on the OBFS Website


<http://www.obfs.uillinois.edu/>

- Office of Business & Financial Services (OBFS)
Policies & Procedures Manual, Sections 7 and 17
- Contract Forms
- Contract Status Inquiry
- Board of Trustees (BoT) Meeting Schedule
- Who to Contact
- Training Center

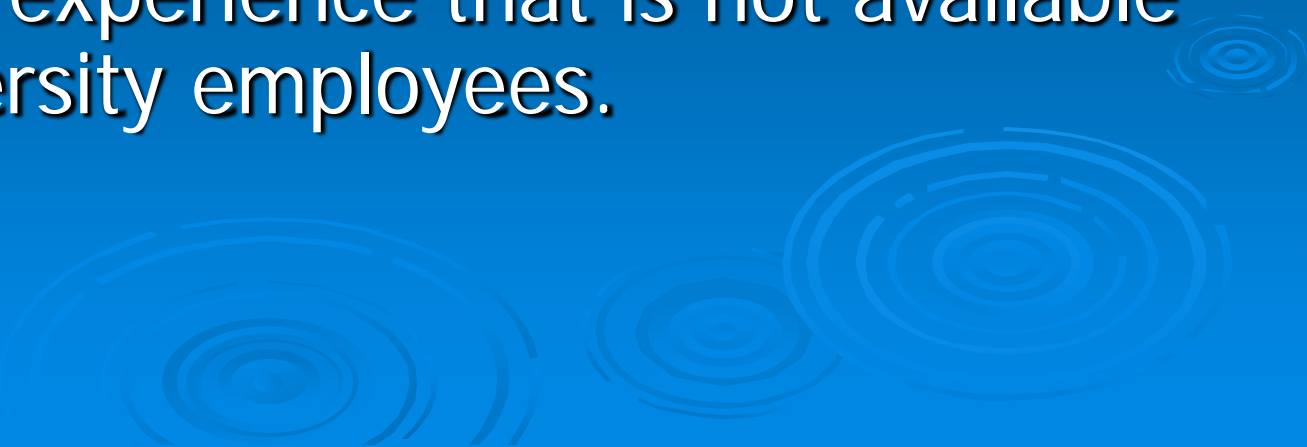
What are Professional and Artistic Services?

- Professional and Artistic (P&A) Services are those services provided under contract to the University by a person or business, acting as an independent contractor, qualified by education, experience and technical ability.

What Does This Mean?

- Services are provided by a firm or an individual who is not an employee of the University.
 - The method of providing the service is left to the discretion of the contractor.
 - The contractor (non-University employee) is not supervised by the University.
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What Does This Mean?

- The principal outcome of the service is not a tangible good but a report, recommendation or written product.
 - The contractor may be in a field that has a certification or licensure requirement.
 - The contractor has a special talent, training or experience that is not available from University employees.
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Examples of Professional Services Categories

- Accounting
 - Accountants, Auditors
- Artistic
 - Musicians, Entertainers
- Clinical Psychology
- Data Processing
 - Programmers, Systems Analysts, Network Designer
- Dentistry
- Environmental/Land
- Law
- Management or Administrative Services
 - Billing and Collection, Training (software, systems etc.)
- Marketing/Media Services
 - Editor, Graphic Designer
- Medicine
- Science/Research
 - Chemist, Historian

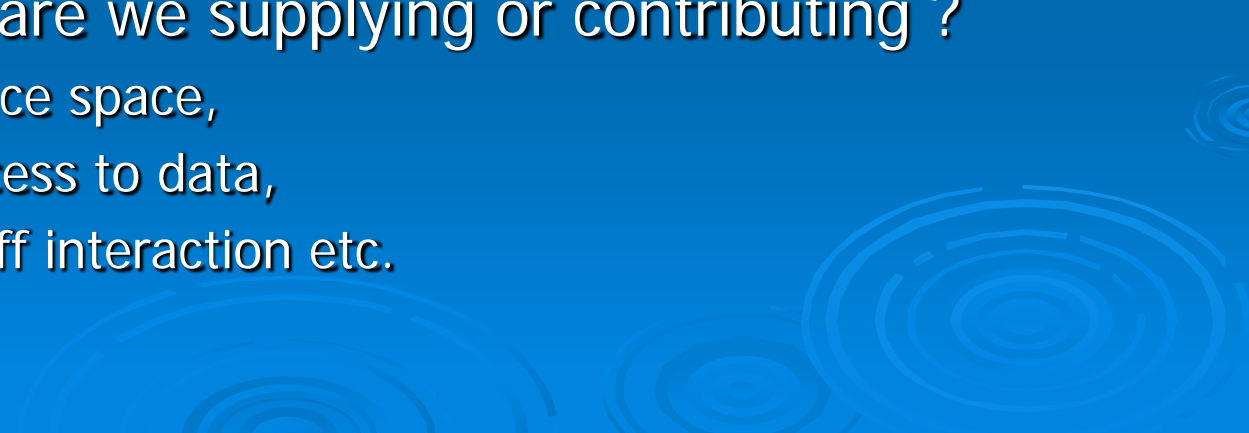
Developing Your Contract

Determine:

- Services needed
- Who's involved
- Timeframe
- Potential contractors
- Estimated cost



Developing Your Contract

- Contractor's Responsibilities
 - What do they do?
 - Where are services being performed?
 - Details on schedule of service(s)
 - University's Responsibilities
 - What are we supplying or contributing ?
 - office space,
 - access to data,
 - staff interaction etc.
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Developing Your Contract

- Joint Responsibilities
 - Meetings,
 - Exchange of information,
 - Compliance with laws, etc.
- Deliverables:
 - Reports,
 - Findings,
 - Recommendations,
 - Programs,
 - Summaries/all outcomes

Contract Formats

- Select appropriate contract form based on estimated cost for services
- Pre-approved contract formats are available for:
 - \$0 - \$4,999 - Memorandum of Understanding (MOU) – with HIPAA or without HIPAA
 - \$5,000 to \$19,999 – U of I Contract with HIPAA or without HIPAA
 - \$20,000.00 or more for life of contract Request for Proposal (RFP)/U of I Contract

What is HIPAA?

- Health Insurance Portability and Accountability Act (HIPAA) of 1996.
- Requires that all covered entities' comply with Business Associate Agreement requirements
- Hybrid Entity – a single legal entity that is a covered entity made up of healthcare and non-healthcare components, but whose covered functions are not its primary function.
- Failure to comply may result in civil and criminal penalties.

Contract For Services

\$0 to \$4,999

- Limit \$4,999 for duration of project, including any renewal periods
- Simple two party contract form pre-approved by University Legal Counsel
- Download MOU from OBFS Website Purchasing Section
- Complete two originals
- Obtain Contractor and Department/Unit signatures
- Contractor retains one original
- Department retains one original
- Payment procedures

Contract For Services

\$5,000 to \$19,999

Department :

- Download from OBFS Website and complete:
 - Two originals of U of I Contract(s) if services are \$5,000 to \$19,999 (FY07 Bid Threshold for General Services is \$30,499.99); Contract form pre-approved by legal counsel; Exceptions by other party require additional review by legal counsel.
 - Contract Approval/Routing Form (CARF), one original
- Complete Banner requisition & reference number on CARF
- Submit all documents to OBFS Purchasing Division/Contracts Section for review & processing.

Contract For Services - \$5,000 to \$19,999

➤ Contracts Section:

- Reviews content, best business practices, compliance with policies, uniformity, etc.
- Verifies contractor is not barred by OIG or GSA
- Obtains Contractor's signature if not obtained by Department
- Obtains official University signatures on contract
- Completes Purchase Order
- Distributes contracts to appropriate parties

NOTE: Services must not begin until contract is fully executed!

Possible Deal Breakers

- Governing Law other than Illinois.
- Other party's legal fees. We do not pay these.
- Indemnity clauses
- Insurance or Liability clauses. Risk Management is consulted
- Liquidated damages
- Need Termination provision, prefer termination without cause
- Rights to Ownership, copyrights and patent rights
- Limitation of contractor's liability
- Confidentiality
- No binding arbitration

Contract For Services

\$20,000 or more

- Criteria for conducting competitive selection process (request for proposal- RFP):
 - Required at \$20,000.00 or more for duration of service including any renewal periods (\$30,500.00 or more for General Services)
 - More than one contractor available to provide services
 - Ability to select best qualified/best value vs lowest price


Exceptions to Competitive Selection Process:

- Service is available from only one economically feasible source
- Sponsoring agency specifically approves or requests contractor - contact Office of Research Services for processing
- Contractor has proprietary product/service or specialized knowledge not available elsewhere

Award of Contract

- Purchase Recommendation is prepared and approved by OBFS.
- Purchase Recommendation is submitted to BoT for approval if \$100,000 or more per fiscal year (as of 9/9/05). \$200,000 for General Services.
- Award is advertised in IPHEP Bulletin and is subject to Procurement Policy Board (PPB) review prior to execution of contract.
 - Waiver from PPB – proceed with award
 - Under Review by PPB for 30 days
 - Additional Information may be requested

Award of Contract

- Department downloads and completes CARF and forwards to Contracts Section.
 - Department submits Banner Requisition
 - Contract is routed for final signatures
 - Purchase Order is completed
 - Contract is distributed to appropriate parties.
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Steps for Processing an Approved Sole Source Contract

- Purchase Recommendation is prepared and approved.
- Purchase Recommendation is submitted to BoT for approval if \$100,000 or more per fiscal year for P & A, \$200K or more per fiscal year for General Services.
- Contract is advertised in IPHEP Bulletin for 15 days prior to execution of contract and is subject to PPB review (which may add to the timeframe).
- Contract Coordinator and Department finalize contract.
- Department downloads and completes CARF and forwards to Contracts Section then submits Banner Requisition.
- Contract is routed for final signatures and distributed to appropriate parties.

How to Request a Waiver of the Competitive Selection Process (Sole Source)

Submit to the Director of Purchases for review and approval:

- Download from the OBFS Website the following form for completion with as much detail as possible and for signatures:
 - Justification for Sole Source Purchases or Contracts
- A draft of the Contract and/or Contractor's proposal.
- A completed Professional & Artistic Services Information Form (PASIF)

What is Purchasing doing to improve this process?

➤ Training

- Purchasing staff
- Departments, via in-Dept. visits

➤ Staffing

- Reorganizing workload
- Hiring new staff

➤ Recommending improvements to approval process

What can Departments do to improve this process?

- Request in-house training
- Develop a buying plan
- Prioritize requests
- Include Purchasing from cradle to grave

Additional Information

- OBFS Policies and Procedures Manual
 - <http://www.obfs.uillinois.edu/manual/>
 - Section 2.2 Approval of Financial Documents
 - Section 2.3 University Contracts and Leases
 - Section 5.12 Revenue Generating Activities
 - Sections 7.1 through 7.6 Purchasing and P-Card
 - Section 17 Consultants, Independent Contractors and Honoraria
- OBFS Web Site
 - <http://www.obfs.uillinois.edu/>
 - Training Calendar for Expenditure Contracts

- Questions?



You're the Customer

Please contact us for assistance in the contracting process at:

Office of Business and Financial Services
Purchasing Division/Contracts Section m/c 560
809 So. Marshfield Ave. - 3rd floor
Chicago, IL 60612
312-996-2850 or 7070
<http://www.obfs.uillinois.edu>