OFFICIAL POLICY

Procurement and Purchasing Policy

Policy Register Part: XI – Procurement		**Policy Number:** 11.1
Approval Authority: Executive Director		**Originating Department:** Legal/Accounting and Finance **Responsible Executive Staff Member:** Chief Financial Officer
Version:	**Effective Date:**	**Description of Changes and Link(s) to Earlier Version(s):**
1	July 1, 2015	N/A - Original
2	May 10, 2023	Formatted into template and updated to reflect current practice
3	July 10, 2024	Clarifying language added for travel-related expenses, what is considered "goods or services," how inter-office vouchers should be handled and signature requirements.

1. Policy Statement

A. It is the policy of the State Universities Retirement System to obtain goods and services in the most economical manner in order to guarantee the efficient utilization of System resources. Resources of the System shall be committed only with the proper approvals as detailed in SURS' purchasing procedures and Title 80, Section 1600.130 of the Illinois Administrative Code (80 Ill. Admin. Code 1600.130), entitled "Procurement."

B. Procurements for "investment services" as defined under Section 1-113.14 of the Illinois Pension Code (40 ILCS 5/1-113.14) shall comply with the requirements of that section and the SURS Procurement Administrative Rule (80 Ill. Admin Code 1600.130) to the extent feasible, unless they conflict, in which case Section 1-113.14 shall control. See, also, Part VI, Investments, "Investment Procurement Policy."

2. Departments and/or Staff Positions Required to Comply with Policy:

All SURS employees involved in procuring goods or services for SURS are required to read and comply with this Policy.

3. Directives

Is Policy Internal Only?	Does Policy Include any Reporting Requirements for Stoplight Report?	Citation to Statutory Mandates, if applicable
No	No	80 Administrative Code 1600.130, as authorized by 40 ILCS 5/15-177

4. Definitions

As used in this Policy, the following terms shall have the meanings indicated:

N/A

5. The Policy

A. Purchase Orders

1. Employees requesting goods or services that cost more than $500 and are not part of a formal written contract shall complete a Purchase Order form and receive written approval from the Procurement Officer prior to placing the order. The staff member(s) designated by the Executive Director to serve as Procurement Officer, or to serve as an individual responsible for reviewing and approving Purchase Orders, will be responsible for approving the purchase of goods or services requested on the Purchase Order form. One of these designated individuals must review the submitted Purchase Order form and associated documentation to ensure that the requested purchase complies with SURS' Procurement Policy, and that the information shown on the form is accurate.

2. Purchases of less than $500 do not require a Purchase Order, but the employee making the purchase must have the appropriate authority to do so.

3. Travel-related expenses such as lodging and/or transportation are addressed in the Employee Travel Policy and are not subject to the Purchase Order requirements described herein.

4. SURS does not consider the following items to be “goods or services” and therefore they do not require a Purchase Order:

    a. Membership dues;

    b. Certification cost including cost of related exams;

    c. Conference, webinar and individual training session registration;

    d. Subscriptions such as periodicals and/or publications (i.e. newspapers, magazines) in written or electronic form. Software licensing fees that are referred to as subscriptions do not fall under this exemption.

    e. Utilities that have non-negotiable fees such as water, sewer, electricity, gas and phone services; and,

    f. Reimbursement to employees through interoffice vouchers which require separate approval from their manager before payment can be made.

B. **Contract Requirements**

1. It is the policy of the State Universities Retirement System to standardize the form and content of its contracts with public and private bodies in order to ensure compliance with applicable state law, to ensure fairness to all parties, and to maximize uniformity of language. The State of Illinois regulations require numerous certifications and clauses to be included in all contracts. In order to simplify the contracting process, SURS has developed a standard contract addendum that includes all required legal certifications and is updated as needed. The contract addendum should be completed and attached to, or incorporated into the body of, all contracts entered into by the System.

2. All expenditures **in excess of $25,000** which are not covered by purchasing exemptions, shall require execution of a written contract reviewed and approved by SURS' legal counsel. Contracts in excess of $25,000 but less than $250,000 must be executed by the Executive Director or his/her designee, unless executed by the Chairperson of the Board of Trustees per the Board of Trustees Bylaws.

3. The "in excess of $25,000" contract requirement is cumulative on a fiscal year basis for the same type of goods or services. To comply with this requirement, if a vendor is anticipated to provide the same type of goods or services as in a prior procurement, and the cumulative payments to the vendor are projected to exceed $25,000 for the fiscal year, then a contract will be required for the remainder of the procurements for the fiscal year from that vendor. This applies even if the anticipated procurement will be equal to or less than $25,000. However, if the vendor is not anticipated to provide the same type of goods or services, and the expenditure will be less than $25,000, then no contract is needed for that procurement. SURS staff members who are requesting such expenditures are required to ensure compliance with this contract mandate.

4. **Contracts with an aggregate cost that will exceed $250,000** require the signatures of the Executive Director, the Chief Financial Officer and General Counsel.

5. No goods or services may be acquired, nor work commenced, prior to the execution of a contract as herein provided, unless the vendor has executed a SURS Assumption of Risk Certificate prior to the commencement of any such work, or purchasing exemptions apply.

6. If a vendor requires a signature on a quote, invoice or other document to move forward with the purchase of the goods or services, the document is considered a contract and must go through the same process, regardless of the amount of the purchase.

7. Once it is determined that a contract is necessary, the following requirements must be met :

    a. A contract number must be assigned, either by the Legal Department or via the SURS contract-processing software system then in use.

    b. All contracts must be approved by the Legal Department before execution. Approved contracts will either be stamped with the

"Approved Legal Department" stamp or approved via the SURS contract-processing software system then in use.

c. All contracts must be signed by the Executive Director or their designee. The signature may be in an electronic format that complies with the requirements for electronic signatures under Section 5 of the Uniform Electronic Transactions Act, 815 ILCS 333/1 *et. seq*. The Executive Director may authorize specific members of the Executive Leadership Team to sign contracts in their absence per written instruction. The Executive Director shall review this authorization at the beginning of each fiscal year. The Executive Director may deviate from the list of ELT members so authorized in a unique circumstance, when the deviation is made in writing and indicates the reason for the deviation.

d. If the contract so states, execution may be performed electronically as permitted by law. All contracts shall be catalogued and uploaded to the SURS network and/or to the SURS contract processing software system then in use.

C. Procurement Notice and Method Requirements

1. Efforts to obtain the best value for the System shall be documented, and shall be retained with the procurement request. Expenditures **in excess of $50,000** require SURS to issue public Requests for Proposals ("RFP") or Requests for Information ("RFI"), with the goal of obtaining competitive proposals from at least three different sources. Sole source or other procurements submitted for approval with less than three bids or proposals must be justified and documented. If at any point irregularities are discovered by a SURS employee in the RFP/RFI or other bidding process the General Counsel, Chief Financial Officer, and Chief Internal Auditor shall be notified.

2. All procurements, unless specifically exempted in Section 5.C.4 below, shall be advertised in the official State newspaper, on the SURS website, and in appropriate media or through electronic means such as the Internet on at least 3 separate dates, with a minimum of 14 days between the first and last publication dates.

3. SURS may directly contact any vendor responding to an RFP/RFI as to the terms of a bid or proposal. The RFP/RFI process may include a request for a Best and Final Offer ("BAFO") from proposers, as may be deemed necessary.

4. Competitive bids or proposals, as applicable, may be used to procure, but are not limited to procuring, professional and artistic services, including legal, medical and related services, investment management and consulting, electronic data processing equipment, software and services, and telecommunications equipment.

    a. Competitive bids shall be solicited by a Request for Proposal or Request for Information. Each RFP/RFI shall set forth a description of the items or services being procured and the material contractual terms and conditions.

    b. Each RFP/RFIl shall set forth a description of the items or services being procured, the material contractual terms and conditions, and the criteria for evaluating proposals. Competitive proposals shall be awarded on the basis of evaluative criteria that have been disclosed in the RFP/RFI, and shall be awarded to a responsible offeror whose proposal is determined to be most advantageous to SURS.

    c. Price is a factor to be considered as part of the overall procurement process, but SURS is not required to accept the lowest responsible bidder when other factors justify a different selection.

5. The following procurements **do not require** advertising or the use of competitive bidding or proposals:

    a. Individual contracts for goods, services or construction **not exceeding $50,000**. Any procurement that is anticipated to be at least $10,000 and less than $50,000, however, shall be awarded after obtaining at least three quotes, unless SURS is unable to obtain three quotes, or there is only one economically feasible source for the goods or services, i.e., is a “sole source” procurement. SURS shall document its efforts to obtain quotes and shall clearly document any inability to obtain three comparison quotes. The procurement may be awarded based on evaluative criteria in addition to price if doing so would be advantageous to SURS.

    b. Emergency procurements include, but are not necessarily limited to the following situations/circumstances:

i. when there exists a threat to public health or safety or when immediate expenditure is necessary in order to protect against loss of or damage to SURS property or interests; or,

ii. to prevent or minimize disruption in SURS services due to an unforeseeable event, or when necessary to prepare for anticipated litigation, enforcement actions, or investigations;

or,

iii. to protect the integrity or confidentiality of SURS records.

In the event that an emergency justifying an emergency procurement is determined to exist, a written determination of the same must be made as soon as is practicable.

c. Utilities and sole-source procurements. A sole-source procurement is a procurement when there is only one economically feasible source for the item or service. A utility is a service that provides water, electricity, telephone, internet, or gas services, and may qualify as sole-source procurement. When a vendor has a consistent competitive advantage because of pricing agreements between the vendor and the original equipment manufacturer, the procurement shall be deemed to be sole-source. The authorized purchasing agent must include written justification or explanation for the sole-source procurement with the contract

6. Per Vendor Limits:

a. If a procurement causes the aggregate, fiscal year expenditures with a vendor to exceed $50,000, then the next procurement of any item or service provided by the vendor must be awarded through the RFP/RFI process. SURS staff members who are requesting such expenditures are required to ensure compliance with this contract mandate.

b. If a procurement causes the aggregate, fiscal year expenditures with a vendor to exceed $10,000, then the next procurement of any item or service provided by the vendor must be awarded on the basis of at least three quotes.

D. Purchasing Procedures

1. Employees are allowed to make purchases provided the goods or services are budgeted for, and a Purchase Order (for purchases in excess of $500) is completed and has written approval in advance of placing the order, or a formal contract (for purchases in excess of $25,000) is executed, and the provisions of this Section are complied with. Employees other than those designated by the Executive Director are not allowed to make purchases of office supplies, computer equipment or software. Any purchases not previously budgeted-for must be approved by the employee's direct supervisor.

2. SURS is a tax-exempt entity and shall not pay Illinois sales tax. Employees must direct the vendor to exclude these charges on invoices, and may provide proof of SURS' tax-exempt status as may be requested. Employees should also ask if discounted State rates are available for purchases and could apply to SURS.

3. Invoices should be approved for payment within 30 days after the receipt of the invoice. Approval should not be given for goods and services that do not conform to SURS' requirements. The vendor shall be promptly notified, in writing, if SURS does not approve an invoice for payment, and shall be advised of the reason for the denial. If approval is made after 30 days, a full written explanation for the delay should be attached to the invoice.

4. Advance payment for goods or services is discouraged. If an advance payment is required, the employee requesting the same shall complete a certification as specified in Section 9.05 of the State Finance Act, 30 ILCS 105/9.05. In the event that a voucher is submitted for advance payment, the voucher shall state on its face that the goods or services are being procured pursuant to the terms contained in a formal, written contract, that requires advance payment. If it is not possible to execute a written contract, the voucher shall so state. The certification is not required for payment of conference fees, purchase of travel tickets, purchase of periodicals, organizational memberships and required deposits of less than $500.

   The certification shall be in the following format:

   > "*I certify that the goods or services specified on this contract or purchase order were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully*

incurred; that such goods or services meet all the required standards set forth in the purchase order or contract to which this certification relates; and that the amount shown on this voucher is correct and is approved for payment."

The following sentence should be inserted, if applicable:
"*It is not possible to execute a formal written contract.*"
(Date)_____ (Signature)_____

5. For information relating to procurement for employee travel expenses, see Part II, Administration, "Employee Travel Expense Policy."

6. Exhibits

Attached hereto and incorporated herein are the following Exhibits:

N/A

7. Approval

Name	Suzanne Mayer
Title	Executive Director
Signature	Suzanne Mayer Suzanne Mayer (Jul 12, 2024 13:27 CDT)
Date	Jul 12, 2024