

**BOARD OF TRUSTEES**  
**McHENRY COUNTY COLLEGE DISTRICT #528**

April 20, 2009  
Immediately Following Special Board Meeting

Board Room  
8900 U.S. Highway 14  
Crystal Lake, IL 60012

COMMITTEE OF THE WHOLE MEETING

**AGENDA**

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Acceptance of Minutes:     Committee of the Whole Meeting, March 23, 2009  
  Closed Session, March 23, 2009
5. Open for Recognition of Visitors and Presentations  
    *Three (3) minutes per person or less.*
6. Review of Board Packet for April 23, 2009 Regular Board Meeting
7. Purchasing Information and Recommendations
8. Selection of Candidates to Interview for Interim President
9. Closed Session
10. Open for Board Members
11. Future Agenda Items
12. Adjournment



Mary Miller  
Chair



McHenry County College

www.mchenry.edu

Date: April 16, 2009

To: Brian Sager

From: Ron Ally *Ron*

Re: Purchasing Information and Recommendations

Cc: Todd McDonald, Kathy Plinske, Pat Kriegermeier

### **Background Information**

#### Recent Legislative Change

A recent change in state law increased the bidding requirement threshold for purchases from \$10,000 to \$25,000, and increased the bidding requirement threshold for small construction projects which do not increase the size of a facility from \$20,000 to \$50,000.

#### Survey of Illinois Community Colleges

Due to this statutory change, a survey of Illinois Community Colleges was completed to determine how other schools were dealing with this change. Twenty-four colleges responded to the survey. Following are the results:

- Twelve colleges adopted the new limits for requiring formal bids and board approval.
- Four colleges currently have policies matching the previous statutory requirements, and anticipate modifying those policies in the near future to adopt the increased levels to reflect the statutory change.
- Seven colleges currently have \$10,000 minimums in place and were not sure whether or not they would consider increasing the levels to reflect the statutory change.
- One college requires Board approval for purchases over \$5,000. This is MCC.

#### MCC's Current Policies and Procedures

MCC Board Policy 2.1.4, Purchasing, currently states that "appropriate business procedures and practices shall be established to insure the efficient processing of supply and equipment requests in accordance with statutes."

MCC Board Policy 2.1.4.1, Purchasing Authority, currently states "Recognizing the ultimate authority of the Board in all matters relating to financial expenditures, a concern for efficiency of college operations necessitates that sufficient discretionary authority for purchasing be vested in the administrative staff. The Administration shall establish and maintain regulations and guidelines to facilitate this Policy."

To comply with the above policies, administration has established purchasing and payment procedures which require Board approval in advance for expenses exceeding \$5,000 (with exceptions as noted below), and require a formal bid when there is no statutory exclusion for expenses exceeding \$10,000. \$10,000 was the statutory limit prior to the recent statutory change.

#### MCC Data

The following data was based upon Board Reports for 18 months from July 2007 through December 2008:

- 173 transactions totaling \$6,780,551.
- 66 of the 173 transactions were between \$5,000 and \$9,999. These 66 transactions totaled \$471,656, or 7% of the total dollars approved.
- 63 of the 173 transactions were between \$10,000 and \$24,999. The 63 transactions totaled \$1,015,946, or 15% of the total dollars approved.
- 44 of the 173 transactions exceeded \$25,000. These 44 transactions totaled \$5,292,949, or 78% of the total dollars approved.

#### Current Exceptions

MCC has several types of purchases that are time sensitive as to payment of the vendor and/or delivery of quality services to our customers. The College's longstanding standard practices exclude many of these items from requiring Board approval in advance. Those items are as follows:

- Purchases for resale where the revenue generated will exceed the purchase price (i.e. Bookstore inventory)
- Purchases where a revenue stream is directly attributable to the purchase which meets or exceeds the purchase price (i.e. Trips and Tours)
- Expenses for utilities
- Expenses related to employee benefits or payroll deductions (i.e. Blue Cross Blue Shield and 403(b)/457 plans)
- Expenses for items already approved by the Board
- Expenses which do not require Board approval (currently items less than \$5,000)

It should be noted these items are included on the voucher lists the Board approves at their monthly meeting.

## Recommendations

Following are the recommended changes to the College's procedures:

- No longer follow the practice of receiving Board action for Contract Training items since there is a revenue stream directly attributable to the purchase which meets or exceeds the purchase price.
- For purchases between \$5,000 and \$9,999, require at least three written quotes. This is no change to the current practice.
- For purchases between \$10,000 and \$24,999, require an informal request for proposal or quote process as determined by the Business Services Department. Current practice requires formal bid or RFP unless there is a statutory exclusion.
- Require formal bidding and Board approval when the statutory limit is exceeded. Based upon our sample period, the Board would still be approving 78% of the total dollars approved. However, the process for the remaining 22% of the dollars would be streamlined. While this change would only impact 22% of the dollars, this accounts for 75% of the transactions ((173-44)/173) during this period. This would provide greater timeliness and efficiency in College operations.