



**STATE OF ILLINOIS**

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**OFFICE OF THE AUDITOR GENERAL**

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**PERFORMANCE AUDIT**

**COLLEGE OF DUPAGE**

**SEPTEMBER 2016**

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**FRANK J. MAUTINO**

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**AUDITOR GENERAL**

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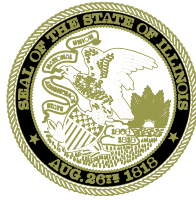
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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

*To the Legislative Audit Commission, the Speaker  
and Minority Leader of the House of Representatives,  
the President and Minority Leader of the Senate, the  
members of the General Assembly, and the  
Governor:*

This is our report of the Performance Audit of the College of DuPage.

The audit was conducted pursuant to House Resolution Number 55, which was adopted May 14, 2015. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

Springfield, Illinois  
September 2016





# STATE OF ILLINOIS OFFICE OF THE AUDITOR GENERAL

Frank J. Mautino, Auditor General

## REPORT DIGEST

### PERFORMANCE AUDIT

**Release Date:  
September 2016**

Audit performed in  
accordance with  
**House Resolution No. 55**

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### EXECUTIVE SUMMARY

## College of DuPage

On May 14, 2015, the Illinois House of Representatives adopted House Resolution No. 55 directing the Auditor General to conduct a performance audit of the College of DuPage. Overall, the audit found that the Board of Trustees could improve its oversight and the College could improve its operations in several areas. The audit contains a total of 19 recommendations to the Board and the College.

- The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement.
- The College could not provide documentation to show that the Board was receiving quarterly investment reports or that the College was annually reviewing its investments as required by Board policy.
- The need for budget transfers was not always clearly documented and there was not always proper and timely approval of budget transfers by officials.
- Procurements did not always comply with established requirements:
  - Requisitions lacked approval prior to the purchase;
  - We could not determine if bids were opened by a member or employee of the Board as required by the Illinois Public Community College Act; and
  - Files did not always contain the final signed contract or agreement.
- Between 2007 and 2013, the College of DuPage issued a total of \$366.46 million in bonds (\$321.84 million for construction and \$44.62 million for refunding bonds).
- Oversight of construction activities could be improved by:
  - Establishing a facilities/construction committee and requiring status reports at regular meetings;
  - Obtaining Illinois Community College Board (ICCB) approval of construction projects prior to the award of contracts and construction of projects as is required by ICCB's administrative rules (23 Ill. Adm. Code 1501.602(b));
  - Documenting competitive procurement exemptions for construction projects;
  - Establishing a written policy for the types of work classified as professional services;
  - Establishing a prequalification system for potential bidders; and
  - Approving and signing contracts prior to beginning work.
- For the peer group, the College of DuPage President had the highest total compensation for all four years reviewed, ranging from \$466,477 in FY2011 to \$495,092 in FY2014.
- The College of DuPage Board of Trustees awarded the outgoing President a lump sum severance payment of \$762,868 in January 2015. Only 3 of 16 presidents at the other community colleges we reviewed received a lump sum payment upon separation, ranging from \$380,245 (Moraine Valley) to \$103,269 (Morton College).



## AUDIT SUMMARY AND RESULTS

On May 14, 2015, the Illinois House of Representatives adopted House Resolution No. 55 directing the Auditor General to conduct a performance audit of the College of DuPage by entering into a memorandum of understanding with the College of DuPage that sets forth the scope of the audit. A memorandum of understanding was signed by the College on July 1, 2015 and an entrance conference to commence the audit was held July 28, 2015.

Opened on September 25, 1967, the College of DuPage is located in Community College District 502, which encompasses the majority of DuPage County, as well as portions of Cook and Will Counties. The College is governed by a locally elected seven-member board.

Overall, the audit found that the Board of Trustees could improve its oversight and the College could improve its operations in several areas. This audit contains a total of 19 recommendations to the Board and the College. (pages 1-11)

### REVENUES AND EXPENDITURES

House Resolution No. 55 asked the Auditor General to review the College of DuPage's sources of revenues and expenditures, by broad category, during Fiscal Years 2011 through 2014. Total revenues for the College increased from \$241.6 million in FY2011 to \$267.9 million in FY2014, or 11 percent. Non-operating revenues, from sources such as property taxes and the State and federal government, accounted for \$196.8 million or 73 percent of total revenues for FY2014. Operating revenues, such as tuition and fees, accounted for less than one-third of total revenues for the College (\$71.1 million or 27%) for FY2014.

Total expenditures for the College of DuPage for the period FY2011 to FY2014 increased from \$195.5 million to \$231.4 million, or 18 percent. Operating expenses, which are the largest category of expenses, have increased from \$189.1 million in FY2011 to \$221.5 million in FY2014.

For the four-year period FY2011-FY2014, the College had total net income of more than \$153 million. Net income (the excess of revenues over expenses) ranged from a high of \$46.2 million in FY2011 to a low of \$31.8 million in FY2013. Board Policy 10-40 states that the College will strive to maintain an on-going unrestricted fund balance in the combined General, Working Cash and Auxiliary Funds in an amount equivalent to 50 percent of the College's total annual revenues in the General Fund (comprised of the Education Fund and the Operations and Maintenance Fund). As of the end of FY2014, the College had achieved a fund balance ratio of 46.6 percent. (pages 12-19)

### TRUSTEE FIDUCIARY RESPONSIBILITIES

House Resolution No. 55 asked the Auditor General to review whether, during Fiscal Years 2011 through 2014, the Board met its fiduciary responsibilities. The Board of Trustees could improve its fiduciary oversight of the College's operations in several areas. We reviewed the College of DuPage Board of Trustees' fiduciary responsibilities including those for:

**Total revenues for the College increased from \$241.6 million in FY2011 to \$267.9 million in FY2014, or 11 percent.**

**Total expenditures for the College of DuPage for the period FY2011 to FY2014 increased from \$195.5 million to \$231.4 million respectively, or 18 percent.**

annually evaluating the College President; annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College.

**The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy.**

- The policy manual of the College of DuPage Board of Trustees did not include guidance regarding individual trustee fiduciary responsibilities. As of June 30, 2014, the Board's policies also did not require standing committees. Defining the fiduciary responsibilities of Board members and establishing standing committees for certain areas may be beneficial for the Board of Trustees in improving its oversight of the College of DuPage.
- The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement. The College could not provide copies of completed written appraisals of the President's performance. Also, although written closed session Board minutes were reviewed, the minutes were not always specific enough to determine if the President's performance was discussed.
- We did see evidence that the Board of Trustees was: annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College. (pages 23-29)

The audit also reviewed whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Illinois Public Community College Act and Board policies, including those related to the investment of College funds, procurements and contracts, and budget transfers.

### INVESTMENTS

House Resolution No. 55 asked the Auditor General to review whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Illinois Public Community College Act and Board policies, including those related to the investment of College funds.

The College's administrative procedures required the College's investments to be reviewed periodically by the Treasurer's Advisory Committee to address issues of investment mix and return. However, this Committee did not meet between January 18, 2013 and November 7, 2014 (nearly two years).

Although the Board was receiving monthly investment reports for the period FY2011 through FY2014, those reports did not always show a breakout of investments by the type of investment and did not show the percentage of each type of investment allowable by policy.

- The College could not provide documentation to show that the Board was receiving quarterly investment reports required by Board policy, including investments in the portfolio by type,



**The College could not provide documentation to show that the College was annually reviewing its investments as is required by Board policy.**

issuer, interest rate, maturity, book value, income earned, current market value as of the report date, and comparison to any applicable benchmarks.

- The College could not provide documentation to show that the College was annually reviewing its investments as is required by Board policy. (pages 32-39)

## **BUDGET TRANSFERS**

House Resolution No. 55 asked the Auditor General to review whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Illinois Public Community College Act and Board policies, including those related to budget transfers. According to information provided by College officials, during the four-year period FY2011-FY2014 there were 3,562 budget transfers involving 34,842 individual transactions for a total of more than \$460 million. Our review of these budget transfers found that some transactions that were listed as transfers were not budget transfers in a traditional sense but were changes in the accounting system.

**Our review of 20 budget transfers found that the need for budget transfer was not always clearly documented and there was not always proper and timely approval by officials.**

- The Board was only required to approve one budget transfer (budget amendment) during the four-year period we reviewed.
- Our review of 20 budget transfers found that the need for the transfer was not always clearly documented and there was not always proper and timely approval by officials.
- The Board should consider taking a more active role in the budget transfer approval process by revising its policies to limit the President's and/or Controller's authority to approve large transfers. (pages 40-43)

## **PROCUREMENTS AND CONTRACTS**

House Resolution No. 55 asked the Auditor General to review whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Illinois Public Community College Act and Board policies, including those related to procurements and contracts. The audit reviewed a sample of 40 procurements over \$25,000 for compliance with the Illinois Public Community College Act, Board policies, and administrative procedures. One of the 40 procurements we selected was not applicable to competitive procurement requirements because it was part of another agreement. Our review found that procurements did not always comply with established requirements.

**Procurements did not always comply with established requirements.**

- Requisitions lacked approval prior to the purchase. For the 36 requisitions provided, there was no evidence of approval from the Vice President of Administrative Affairs per Administrative Procedure 10-60. The College could not provide requisitions for four procurements tested.
  - In 5 of 36 cases (14%) the requisition was created **after** an invoice for payment had been received.
- For 22 of 39 (56%) procurements, the purchase was not competitively bid.

- For 12 of 17 (71%) procurements that were bid, we could not determine if the bids were opened by a member or employee of the Board as required by law.
- For 6 of 17 (35%) procurements that were competitively procured, we could not determine if the bids were opened publicly.
- For 2 of the 32 (6%) procurements reviewed that required Board approval, the College could not provide documentation of Board approval of the contract or expenditure.
- Files did not always contain the final signed contract or agreement. For 9 of 30 procurements that required a contract (30%), the College could not provide a signed contract or written agreement. (pages 43-51)

### GENERAL OBLIGATION BONDS

House Resolution No. 55 asked the Auditor General to review the amount, purpose, and uses of General Obligation Bonds issued by the College of DuPage in 2007, 2009, 2011, and 2013. In 2003, the College of DuPage began a major construction initiative. In November 2002, voters in the district approved a referendum to issue \$183 million in bonds for construction at the College. In November 2010, voters approved another referendum to issue \$168 million in additional bonds to continue construction for the College. Between 2007 and 2013, the College of DuPage issued a total of \$366.46 million in bonds. Of the \$366.46 million, \$321.84 million (88%) were issued for construction or renovation of college facilities and grounds, including alternate bonds (for construction) issued in 2009. The remaining \$44.62 million in bonds were issued for refunding other bonds that had been issued previously.

The College could not provide documentation of a Request for Proposal (RFP) being issued for the financial advisory services for the 2013 bond issuance. We also could not find approval of an RFP or a contract for services in the Board minutes for financial advisory services for the 2013 bond issuance that might have explained why the services were not competitively procured. (pages 53-62)

### CONSTRUCTION ACTIVITIES

House Resolution No. 55 asked the Auditor General to determine whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Illinois Public Community College Act and Board policies, including those related to construction activities. Construction project expenditures provided by the College for the period FY2003-FY2015 totaled \$531.5 million. We reviewed 12 building projects totaling \$403.7 million for the period FY2003-FY2015 to determine if the projects were contained in the College's Facilities Master Plan, received Board approval, and whether the architect/engineer and construction manager were competitively procured.

The audit concluded that the College of DuPage and its Board of Trustees could improve its oversight of construction activities by:

- Establishing a facilities/construction committee;
- Requiring status reports at regular meetings;

**Between 2007 and 2013, the College of DuPage issued a total of \$366.46 million in bonds.**

**Construction project expenditures provided by the College for the period FY2003-FY2015 totaled \$531.5 million.**

- Obtaining Illinois Community College Board (ICCB) approval of construction projects prior to the award of contracts and construction of projects as is required by ICCB’s administrative rules (23 Ill. Adm. Code 1501.602(b));
- Documenting competitive procurement exemptions for construction projects;
- Establishing a written policy for the types of work classified as professional services;
- Establishing a prequalification system for potential bidders;
- Documenting the bidding process and ensuring a Board member or Board employee opens bids publicly; and
- Approving and signing contracts prior to beginning work. (pages 63-79)

### **PRESIDENT’S COMPENSATION AND SEVERANCE**

House Resolution No. 55 asked the Office of the Auditor General to determine whether the compensation and severance packages provided to the President of the College of DuPage are comparable to compensation and severance packages provided to Presidents of other Illinois community colleges, and whether changes to the College President’s compensation package are properly approved.

We reviewed the original contract and each addendum and amendment to determine if the Board of Trustees had a quorum, posted the agenda 48 hours prior to each meeting, voted on actions, and that the actions were preceded by a public recital of the nature of the matter being considered as is required by the Open Meetings Act (5 ILCS 120/). With the exception of the Third Addendum to the President’s contract, the amendments and addendums to the contract met these criteria.

**On July 24, 2015, the Illinois Attorney General’s Office issued a determination letter which concluded that the Board had violated the Open Meetings Act (5 ILCS 120/2(e)).**

On July 24, 2015, the Illinois Attorney General’s Office issued a determination letter regarding whether the College of DuPage Board of Trustees had violated the Open Meetings Act at its July 12, 2011 special meeting in approving the Third Addendum to the President’s employment agreement extending his employment to June 30, 2016. The Attorney General’s letter concluded that the Board had violated the Open Meetings Act (5 ILCS 120/2(e)) by failing to provide a sufficient public recital of the nature of the action and other information necessary to inform the public of the business being conducted before approving a contract extension for the College President. The letter also directed the Board of Trustees to comply with the Open Meetings Act public recital requirement in the future.

**On May 5, 2016, an order was signed by a circuit judge affirming that the Board violated the Open Meetings Act.**

On March 17, 2016, the DuPage County State’s Attorney filed a complaint with the circuit court of the Eighteenth Judicial Circuit alleging that the Board of Trustees of the College of DuPage violated the Open Meetings Act during a closed meeting on March 6, 2014. The complaint alleges that the Board of Trustees violated the Open Meetings Act by taking final action in the March 6, 2014 closed meeting and authorizing the Chairman of the Board of Trustees to extend the administrator’s (President’s) contract. On May 2, 2016, the Board of Trustees voted 4-3 to approve a motion admitting the Board violated the Open Meetings Act when it acted in the March 6, 2014

closed session. On May 5, 2016, an order was signed by a circuit judge affirming that the Board violated the Open Meetings Act.

**For the peer group, as defined by the Illinois Community College Board (ICCB), the College of DuPage President had the highest total compensation for all four years reviewed, ranging from \$466,477 in FY2011 to \$495,092 in FY2014.**

For the peer group, as defined by the Illinois Community College Board (ICCB), the College of DuPage President had the highest total compensation for all four years reviewed, ranging from \$466,477 in FY2011 to \$495,092 in FY2014. Compensation for other Presidents in the peer group during the four year period ranged from a high of \$445,345 (Moraine Valley FY2012) to a low of \$214,906 (Triton College FY2011).

The College of DuPage Board of Trustees awarded the outgoing President a lump sum severance payment of \$762,868 in January 2015. We collected information for 16 other community colleges from which a President had separated. Only 3 of 16 presidents at the other community colleges we reviewed received a lump sum payment upon separation, ranging from \$380,245 (Moraine Valley) to \$103,269 (Morton College).

Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act by adding a section limiting employment agreements for presidents of Illinois community colleges to no more than four years. The Act also requires that a contract may not include any automatic rollover clauses and all renewals or extensions of contracts must be made during an open meeting of the board. The Act also requires that severance packages under the contract not exceed one year's salary and applicable benefits. However, the Act does not define what should be included as applicable benefits. (pages 81-96)

**Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act by adding a section limiting employment agreements for presidents of Illinois community colleges to no more than four years.**

## FOUNDATION TRANSACTIONS

House Resolution No. 55 asked the Auditor General to determine, based on records obtained from the College of DuPage, the amount and purposes of all transactions occurring in Fiscal Years 2009 and 2010 between the College of DuPage and the College of DuPage Foundation and whether those transactions followed all applicable laws, policies, and procedures. The College implemented a new accounting system in FY2011. Consequently, obtaining detailed information regarding transactions between the Foundation and the College for FY2009 and FY2010 was problematic.

According to the records provided by the College of DuPage:

- Support from the Foundation increased from over \$270,000 during FY2009 to almost \$1 million for FY2010. This was due primarily to an increase in program support (academic and athletic support) by the Foundation, including \$473,273 for facilities construction.
- For payments from the College to the Foundation, funds were relatively the same each year, only increasing from \$73,340 in FY2009 to \$75,548 in FY2010.

We reviewed a sample of 20 transactions between the College and the Foundation for the period FY2009-FY2010. We reviewed 10 transactions in which funds were sent from the College to the Foundation and 10 transactions in which funds were sent from the Foundation to the College.

Because of the age of these transactions and because a different accounting system was used by the College during the time period specified in House Resolution No. 55, the College of DuPage Department of Financial Affairs officials had to manually compile records from the prior accounting system to identify these transactions. The manual review involved searching through reports and general ledger activities to find transactions that involved the College and the Foundation. The College of DuPage was not always able to provide documentation of transactions between the College and the Foundation for the period FY2009-FY2010. The College's records retention policy only requires cash receipts to be retained for two years. (pages 97-101)

**RECOMMENDATIONS**

The audit report contains 19 recommendations. The Board of Trustees and the College agreed with all 19 recommendations. Appendix E to the audit report contains the responses from the College of DuPage.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:MSP

**AUDITORS ASSIGNED:** This performance audit was conducted by the staff of the Office of the Auditor General.



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## Chapter One

# INTRODUCTION AND BACKGROUND

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## REPORT CONCLUSIONS

On May 14, 2015, the Illinois House of Representatives adopted House Resolution No. 55 directing the Auditor General to conduct a performance audit of the College of DuPage by entering into a memorandum of understanding with the College of DuPage that sets forth the scope of the audit. A memorandum of understanding was signed by the College on July 1, 2015 and an entrance conference to commence the audit was held July 28, 2015.

Opened on September 25, 1967, the College of DuPage is located in Community College District 502, which encompasses the majority of DuPage County, as well as portions of Cook and Will Counties. The College is governed by a locally elected seven-member board.

**Overall, the audit found that the Board of Trustees could improve its oversight and the College could improve its operations in several areas. This audit contains a total of 19 recommendations to the Board and the College.**

### Revenues and Expenditures

House Resolution No. 55 asked the Auditor General to review the College of DuPage's sources of revenues and expenditures, by broad category, during Fiscal Years 2011 through 2014. Total revenues for the College increased from \$241.6 million in FY2011 to \$267.9 million in FY2014 or 11 percent. Non-operating revenues from sources such as property taxes and the State and federal government accounted for \$196.8 million or 73 percent of total revenues for FY2014. Operating revenues such as tuition and fees accounted for less than one-third of total revenues for the College (\$71.1 million or 27%) for FY2014.

Total expenditures for the College of DuPage for the period FY2011 to FY2014 increased from \$195.5 million to \$231.4 million, or 18 percent. Operating expenses, which are the largest category of expenses, have increased from \$189.1 million in FY2011 to \$221.5 million in FY2014.

Total revenues for the College increased from \$241.6 million in FY2011 to \$267.9 million in FY2014.
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For the four-year period FY2011-FY2014, the College had total net income of more than \$153 million. Net income (the excess of revenues over expenses) ranged from a high of \$46.2 million in FY2011 to a low of \$31.8 million in FY 2013. Board Policy 10-40 states that the College will strive to maintain an on-going unrestricted fund balance in the combined General, Working Cash and Auxiliary Funds in an amount equivalent to 50 percent of the College's total annual revenues in the General Fund (comprised of the Education Fund and the Operations and Maintenance Fund). As of the end of FY2014, the College had achieved a fund balance ratio of 46.6 percent.

### **Trustee Fiduciary Responsibilities**

House Resolution No. 55 asked the Auditor General to review whether, during Fiscal Years 2011 through 2014, the Board met its fiduciary responsibilities. The Board of Trustees could improve its fiduciary oversight of the College's operations in several areas. We reviewed the College of DuPage Board of Trustees' fiduciary responsibilities including those for: annually evaluating the College President; annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College.

- The policy manual of the College of DuPage Board of Trustees did not include guidance regarding individual trustee fiduciary responsibilities. As of June 30, 2014, the Board's policies also did not require standing committees. Defining the fiduciary responsibilities of Board members and establishing standing committees for certain areas may be beneficial for the Board of Trustees in improving its oversight of the College of DuPage.
- The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement. The College could not provide copies of completed written appraisals of the President's performance. Also, although written closed session Board minutes were reviewed, the minutes were not always specific enough to determine if the President's performance was discussed.
- We did see evidence that the Board of Trustees was: annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College.

The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement.

The audit also reviewed whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to the investment of College funds, procurements and contracts, and budget transfers.

### **Investments**

House Resolution No. 55 asked the Auditor General to review whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to the investment of College funds.

The College's administrative procedures required the College's investments to be reviewed periodically by the Treasurer's Advisory Committee to address issues of investment mix and return. However, this Committee did not meet between January 18, 2013, and November 7, 2014 (nearly two years).

Although the Board was receiving monthly investment reports for the period FY2011 through FY2014, those reports did not always show a breakout of investments by the type of investment and did not show the percentage of each type of investment allowable by policy.

- The College could not provide documentation to show that the Board was receiving quarterly investment reports required by Board policy, including investments in the portfolio by type, issuer, interest rate, maturity, book value, income earned, current market value as of the report date, and comparison to any applicable benchmarks.
- The College could not provide documentation to show that the College was annually reviewing its investments as is required by Board policy.

### Budget Transfers

House Resolution No. 55 asked the Auditor General to review whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to budget transfers. According to information provided by College officials, during the four-year period FY2011-FY2014 there were 3,562 budget transfers involving 34,842 individual transactions for a total of more than \$460 million. Our review of these budget transfers found that some transactions that were listed as transfers were not budget transfers in a traditional sense but were changes in the accounting system.

- The Board was only required to approve one budget transfer (budget amendment) during the four-year period we reviewed.
- Our review of 20 budget transfers found that the need for the transfer was not always clearly documented and there was not always proper and timely approval by officials.
- The Board should consider taking a more active role in the budget transfer approval process by revising its policies to limit the President's and/or Controller's authority to approve large transfers.

### Procurements and Contracts

House Resolution No. 55 asked the Auditor General to review whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to procurements and contracts. The audit reviewed a sample of 40 procurements over \$25,000 for compliance with the Illinois Public Community College Act, Board policies, and administrative procedures. One of the 40 procurements we selected was not applicable to competitive procurement requirements because it was part of another agreement. Our review found that procurements did not always comply with established requirements.

- Requisitions lacked approval prior to the purchase. For the 36 requisitions provided, there was no evidence of approval from the Vice President of Administrative Affairs per Administrative Procedure 10-60. The College could not provide requisitions for four procurements tested.
  - In 5 of 36 cases (14%) the requisition was created **after** an invoice for payment had been received.
- For 22 of 39 (56%) procurements, the purchase was not competitively bid.

Requisitions lacked approval prior to the purchase. For the 36 requisitions provided there was no evidence of approval from the Vice President of Administrative Affairs per Administrative Procedure 10-60.

In 5 of 36 cases (14%) the requisition was created after an invoice for payment had been received.

- For 12 of 17 (71%) procurements that were bid, we could not determine if the bids were opened by a member or employee of the Board as required by law.
- For 6 of 17 (35%) procurements that were competitively procured, we could not determine if the bids were opened publicly.
- For 2 of the 32 (6%) procurements reviewed that required Board approval, the College could not provide documentation of Board approval of the contract or expenditure.
- For 9 of 30 procurements that required a contract (30%), the College could not provide a signed contract or written agreement.

### **General Obligation Bonds**

House Resolution No. 55 asked the Auditor General to review the amount, purpose, and uses of General Obligation Bonds issued by the College of DuPage in 2007, 2009, 2011, and 2013. In 2003, the College of DuPage began a major construction initiative. In November 2002, voters in the district approved a referendum to issue \$183 million in bonds for construction at the College. In November 2010, voters approved another referendum to issue \$168 million in additional bonds to continue construction for the College. Between 2007 and 2013, the College of DuPage issued a total of \$366.46 million in bonds. Of the \$366.46 million, \$321.84 million (88%) were issued for construction or renovation of college facilities and grounds, including alternate bonds (for construction) issued in 2009. The remaining \$44.62 million in bonds were issued for refunding other bonds that had been issued previously.

Between 2007 and 2013, the College of DuPage issued a total of \$366.46 million in bonds.

The College could not provide documentation of a Request for Proposal (RFP) being issued for the financial advisory services for the 2013 bond issuance. We also could not find approval of an RFP or a contract for services in the Board minutes for financial advisory services for the 2013 bond issuance that might have explained why the services were not competitively procured.

### **Construction Activities**

House Resolution No. 55 asked the Auditor General to determine whether the Board was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to construction activities. Construction project expenditures provided by the College for the period FY2003-FY2015 totaled \$531.5 million. We reviewed 12 building projects totaling \$403.7 million for the period FY2003-FY2015 to determine if the projects were contained in the College’s Facilities Master Plan, received Board approval, and whether the architect/engineer and construction manager were competitively procured.

The audit concluded that the College of DuPage and its Board of Trustees could improve its oversight of construction activities by:

- Establishing a facilities/construction committee;
- Requiring status reports at regular meetings;
- Obtaining Illinois Community College Board (ICCB) approval of construction projects prior to the award of contracts and construction of projects as is required by ICCB’s administrative rules (23 Ill. Adm. Code 1501.602(b));



- Documenting competitive procurement exemptions for construction projects;
- Establishing a written policy for the types of work classified as professional services;
- Establishing a prequalification system for potential bidders;
- Documenting the bidding process and ensuring a Board member or Board employee opens bids publicly; and
- Approving and signing contracts prior to beginning work.

### **President's Compensation and Severance**

House Resolution No. 55 asked the Office of the Auditor General to determine whether the compensation and severance packages provided to the President of the College of DuPage are comparable to compensation and severance packages provided to Presidents of other Illinois community colleges, and whether changes to the College President's compensation package are properly approved.

We reviewed the original contract and each addendum and amendment to determine if the Board of Trustees had a quorum, posted the agenda 48 hours prior to each meeting, voted on actions, and that the actions were preceded by a public recital of the nature of the matter being considered as is required by the Open Meetings Act (5 ILCS 120/). With the exception of the Third Addendum to the President's contract, the amendments and addendums to the contract met these criteria.

On July 24, 2015, the Illinois Attorney General's Office issued a determination letter regarding whether the College of DuPage Board of Trustees had violated the Open Meetings Act at its July 12, 2011 special meeting in approving the Third Addendum to the President's employment agreement extending his employment to June 30, 2016. The Attorney General's letter concluded that the Board had violated the Open Meetings Act (5 ILCS 120/2(e)) by failing to provide a sufficient public recital of the nature of the action and other information necessary to inform the public of the business being conducted before approving a contract extension for the College President. The letter also directed the Board of Trustees to comply with the Open Meetings Act public recital requirement in the future.

On March 17, 2016, the DuPage County State's Attorney filed a complaint with the circuit court of the Eighteenth Judicial Circuit alleging that the Board of Trustees of the College of DuPage violated the Open Meetings Act during a closed meeting on March 6, 2014. The complaint alleges that the Board of Trustees violated the Open Meetings Act by taking final action in the March 6, 2014 closed meeting and authorizing the Chairman of the Board of Trustees to extend the administrator's (President's) contract. On May 2, 2016, the Board of Trustees voted 4-3 to approve a motion admitting the Board violated the Open Meetings Act when it acted in the March 6, 2014 closed session. On May 5, 2016, an order was signed by a circuit judge affirming that the Board violated the Open Meetings Act.

For the peer group, as defined by the Illinois Community College Board (ICCB), the College of DuPage President had the highest total compensation for all four years reviewed, ranging from \$466,477 in FY2011 to \$495,092 in FY2014. Compensation for other Presidents in the peer group during the four-year period ranged from a high of \$445,345 (Moraine Valley FY2012) to a low of \$214,906 (Triton College FY2011).

The College of DuPage Board of Trustees awarded the outgoing President a lump sum severance payment of \$762,868 in January 2015. We collected information for 16 other

community colleges from which a president had separated. Only 3 of 16 presidents at the other community colleges we reviewed received a lump sum payment upon separation, ranging from \$380,245 (Moraine Valley) to \$103,269 (Morton College).

Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act by adding a section limiting employment agreements for presidents of Illinois community colleges to no more than four years. The Act also requires that a contract may not include any automatic rollover clauses and all renewals or extensions of contracts must be made during an open meeting of the board. The Act also requires that severance packages under the contract may not exceed one year’s salary and applicable benefits. However, the Act does not define what should be included as applicable benefits.

The Public Community College Act now requires that severance packages under the contract may not exceed one year’s salary and applicable benefits.

### **Foundation Transactions**

House Resolution No. 55 asked the Auditor General to determine, based on records obtained from the College of DuPage, the amount and purposes of all transactions occurring in Fiscal Years 2009 and 2010 between the College of DuPage and the College of DuPage Foundation and whether those transactions followed all applicable laws, policies, and procedures. The College implemented a new accounting system in FY2011. Consequently, obtaining detailed information regarding transactions between the Foundation and the College for FY2009 and FY2010 was problematic.

According to the records provided by the College of DuPage:

- Support from the Foundation increased from over \$270,000 during FY2009 to almost \$1 million for FY2010. This was due primarily to an increase in program support (academic and athletic support) by the Foundation, including \$473,273 for facilities construction.
- For payments from the College to the Foundation, funds were relatively the same each year, only increasing from \$73,340 in FY2009 to \$75,548 in FY2010.

We reviewed a sample of 20 transactions between the College and the Foundation for the period FY2009-FY2010. We reviewed 10 transactions in which funds were sent from the College to the Foundation and 10 transactions in which funds were sent from the Foundation to the College.

Because of the age of these transactions and because a different accounting system was used by the College during the time period specified in House Resolution No. 55, the College of DuPage Department of Financial Affairs officials had to manually compile records from the prior accounting system to identify these transactions. The manual review involved searching through reports and general ledger activities to find transactions that involved the College and the Foundation. The College of DuPage was not always able to provide documentation of transactions between the College and the Foundation for the period FY2009-FY2010. The College’s records retention policy **only requires cash receipts to be retained for two years.**

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## INTRODUCTION

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On May 14, 2015, the Illinois House of Representatives adopted House Resolution No. 55 directing the Auditor General to conduct a performance audit of the College of DuPage by entering into a memorandum of understanding with the College of DuPage that sets forth the scope of the audit (see Appendix A). The Resolution requires that the audit include, but not be limited to, the following determinations:

- (1) The College of DuPage's **sources of revenues** during Fiscal Years 2011 through 2014;
- (2) The College of DuPage's **expenditures, by broad category**, during Fiscal Years 2011 through 2014;
- (3) The **amount, purpose, and uses of General Obligation Bonds** issued by the College of DuPage in 2007, 2009, 2011, and 2013;
- (4) Whether, during Fiscal Years 2011 through 2014, the Board met its **fiduciary responsibilities** required by Board policy, including annually evaluating the College President; annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College;
- (5) Whether the Board is meeting its **fiduciary responsibilities** and ensuring compliance with the Public Community College Act and Board policies, including those related to the investment of College funds, procurements and contracts, construction activities, and budget transfers;
- (6) Whether the **compensation and severance packages** provided to the College of DuPage President are comparable to compensation and severance packages provided to Presidents of other Illinois community colleges, and whether changes to the College President's compensation package are properly approved; and
- (7) Based on records obtained from the College of DuPage, the **amount and purposes of all transactions** occurring in Fiscal Years 2009 and 2010 **between the College of DuPage and the College of DuPage Foundation** and whether those transactions followed all applicable laws, policies, and procedures.

The resolution also requires that the College of DuPage is responsible for paying the cost of conducting the audit.

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## **BACKGROUND**

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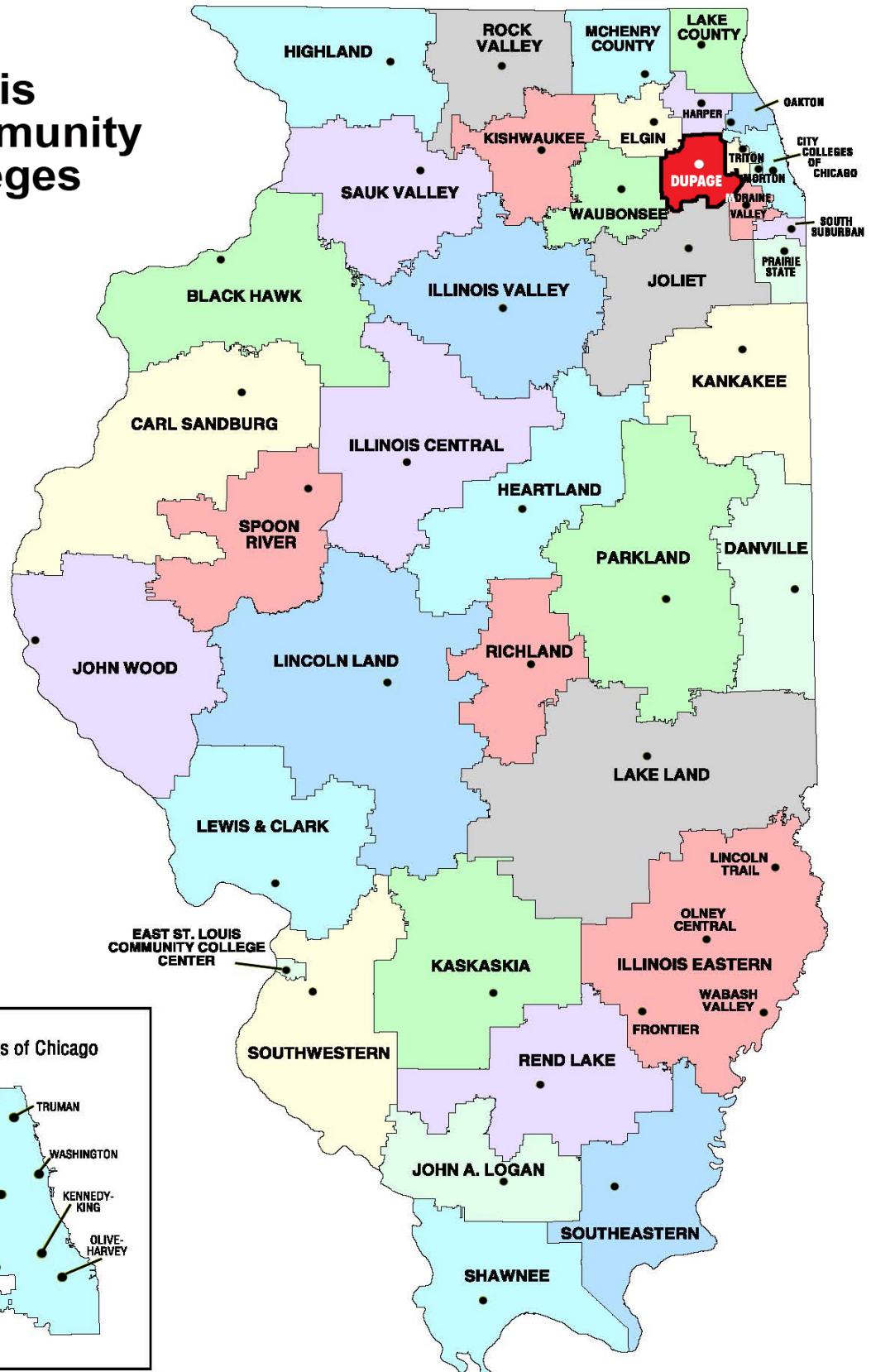
Opened on September 25, 1967, the College of DuPage is located in Community College District 502, which encompasses the majority of DuPage County, as well as portions of Cook and Will Counties (see Exhibits 1-1 and 1-2). The Glen Ellyn campus covers approximately 273 acres and has eleven major buildings. As of 2014, the College offered 90 associate degree programs.

As of fiscal year 2014, the College of DuPage (College) had an enrollment of approximately 30,000 students per semester and 3,900 faculty and staff. The College is the second largest undergraduate education provider in the State, the University of Illinois being the largest.

In January 2015, the College of DuPage Board of Trustees approved a \$762,868 severance package to then President Robert L. Breuder. The approval of the severance package led to media reports and allegations of extravagant spending and awarding contracts on a noncompetitive basis to businesses connected to the College's Foundation. These allegations in turn led to multiple investigations by State, local, and federal officials.

Exhibit 1-1  
MAP OF ILLINOIS' 39 COMMUNITY COLLEGE DISTRICTS

# Illinois Community Colleges

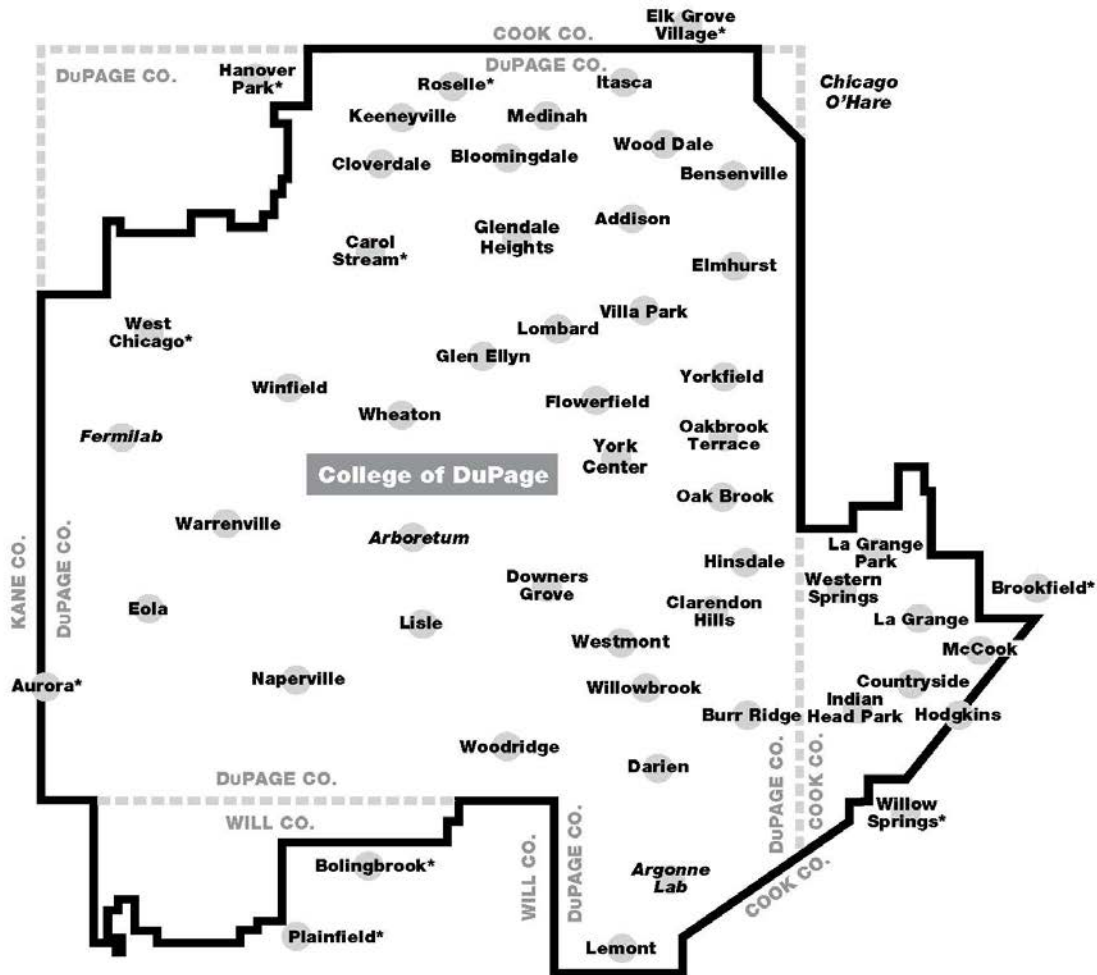


Source: Illinois Community College Board.

Exhibit 1-2  
MAP OF COLLEGE OF DUPAGE DISTRICT BOUNDARIES

 College of DuPage

District 502



**———— Community College District**

**- - - - - DuPage County Line**

**\*Only portions of these communities are in District 502.**

Source: College of DuPage website.

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## BOARD OF TRUSTEES

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The College of DuPage is recognized by the Illinois Community College Board, and is governed by a locally elected seven-member Board of Trustees and one elected, non-voting student representative. Board trustee elections are held biennially, and trustees are elected for staggered six-year terms. The student trustee is elected each year. The trustees and their term expirations are shown below in Exhibit 1-3, as of June 30, 2014, the most recent year included in the audit's scope.

Exhibit 1-3 COLLEGE OF DUPAGE BOARD OF TRUSTEES As of June 30, 2014			
	Trustee Name	Position	Term Expiration
1	Erin Birt	Board Chairman	2017
2	Katharine Hamilton	Board Vice Chairman	2019
3	Dianne McGuire	Trustee	2017
4	Allison O'Donnell	Board Secretary	2015
5	Kim Savage	Trustee	2015
6	Nancy Svoboda	Trustee	2015
7	Joseph C. Wozniak	Board Co-Vice Chairman	2019
	Omar Escamilla	Student Trustee	April 2015

Source: College of DuPage 2014 Comprehensive Annual Financial Report (CAFR).

As can be seen in Exhibit 1-3, three of the trustees had terms that expired in 2015. In April 2015, the three trustees with terms that expired (Allison O'Donnell, Kim Savage, and Nancy Svoboda) were replaced on the Board by newly elected trustees (Charles Bernstein, Deanne Mazzochi, and Frank Napolitano). Katharine Hamilton was elected the new Board Chair in April 2015. During the audit, Katharine Hamilton resigned from the Board in December 2015. In April 2016, Deanne Mazzochi was elected to be the Board Chair.

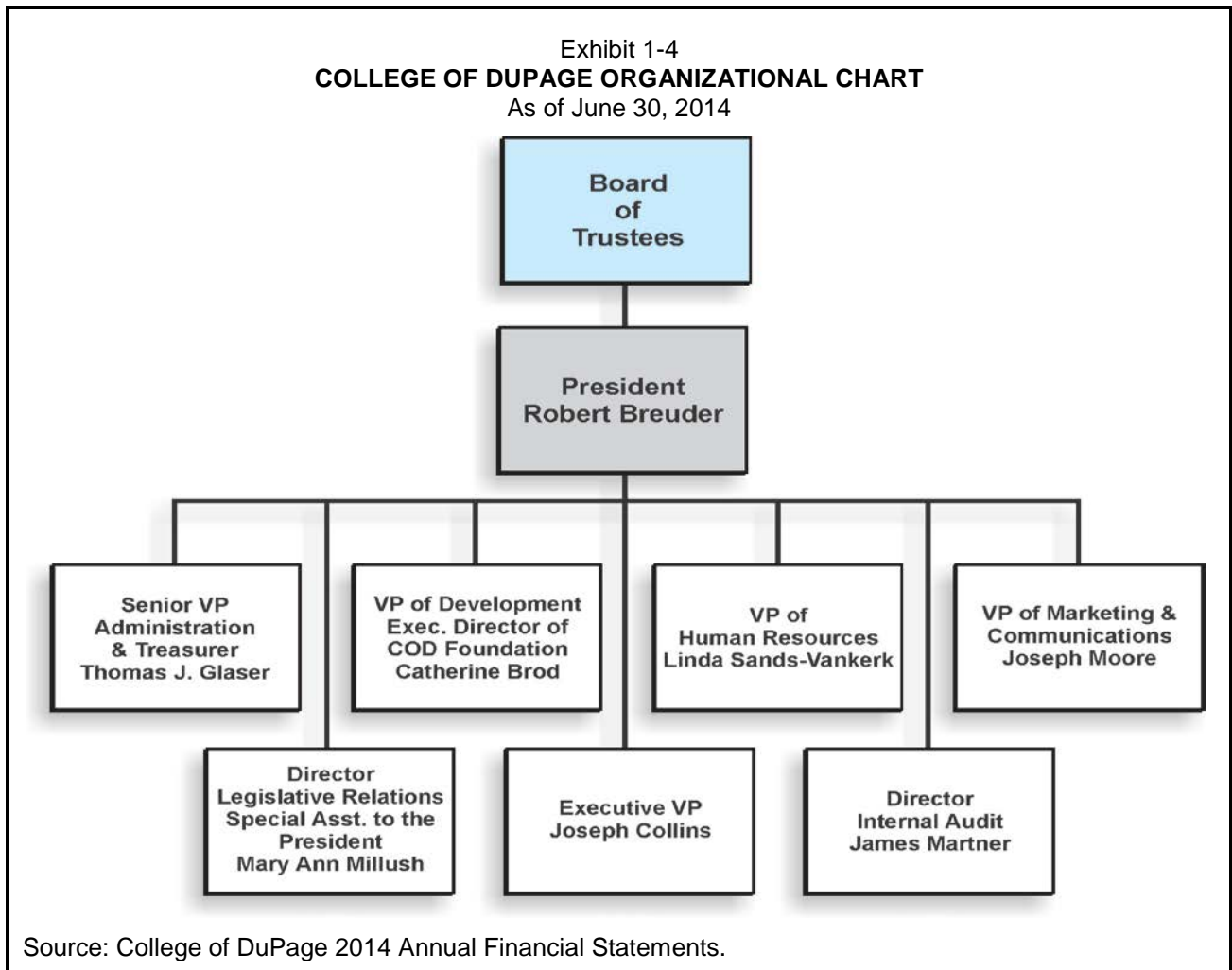
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## ADMINISTRATION

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The Board of Trustees has the legal authority and responsibility to govern the College in accordance with the Illinois Public Community College Act and appoints a President to organize and manage the institution within Board policy. According to the Board's policies, the President is responsible for developing appropriate administrative procedures to effectuate Board policies (Board Policies 5-5 and 5-15).

The President during the audit period, Dr. Robert L. Breuder, had been the President of the College of DuPage since January 2009. Prior to becoming the President of the College of DuPage, he was the President of Harper College in Palatine, Illinois. In April 2015, the Board voted 4-3 to place President Breuder on administrative leave. In June 2015, the Board placed the Treasurer and Controller on administrative leave. In September 2015, the College fired both the Treasurer and Controller and the Board voided the President’s contract declaring him an at-will employee. In October 2015, the College of DuPage Board voted 4-1 to terminate Dr. Breuder.




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## REVENUES AND EXPENDITURES

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Determinations one and two of House Resolution No. 55 asked the Auditor General to determine:

- The College of DuPage's sources of revenues during Fiscal Years 2011 through 2014; and
- The College of DuPage's expenditures, by broad category, during Fiscal Years 2011 through 2014.



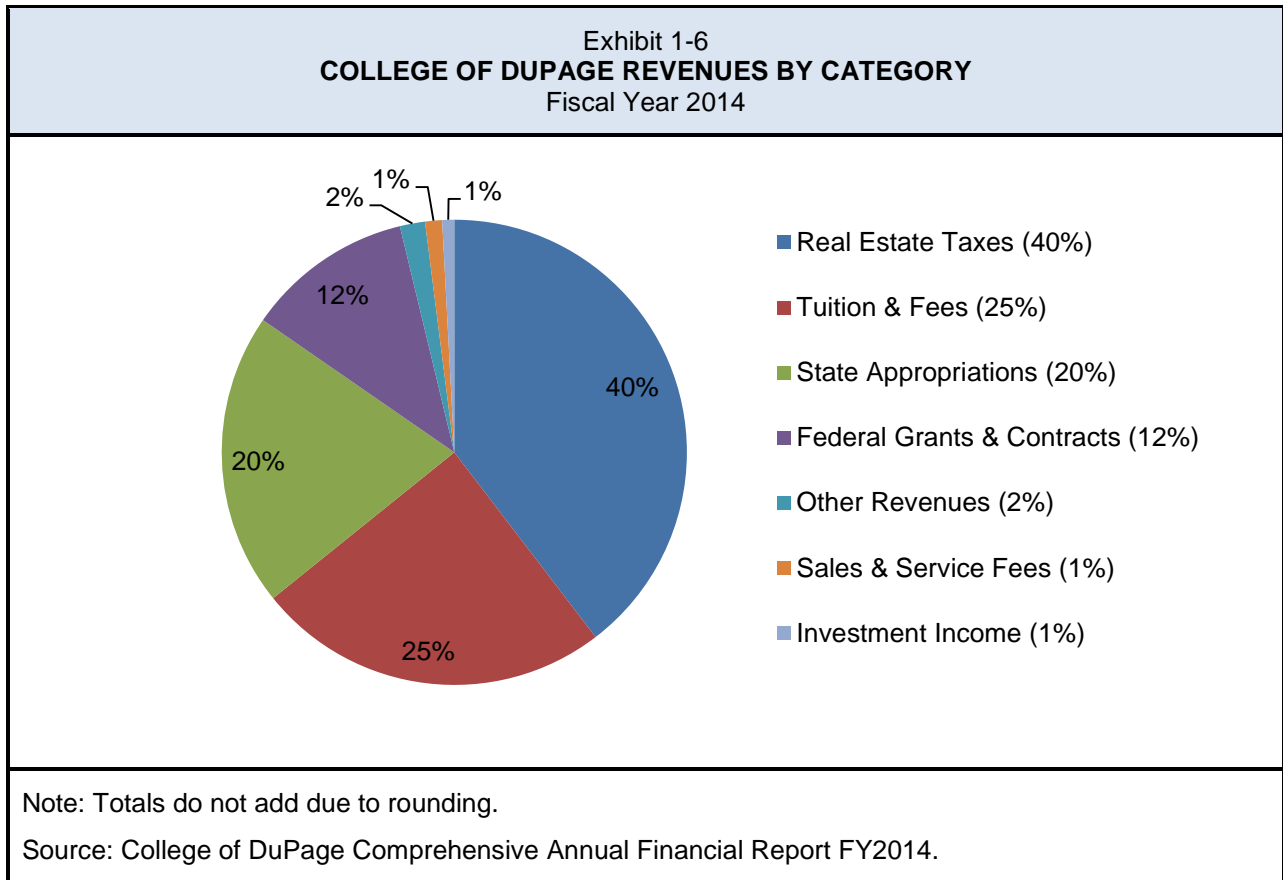
## Revenues

Exhibit 1-5 shows the College's operating and non-operating revenues by source for the period FY2011-FY2014.

Exhibit 1-5 COLLEGE OF DUPAGE REVENUES Fiscal Years 2011-2014				
Revenue Source	FY2011	FY2012	FY2013	FY2014
<b>Operating Revenues</b>				
Tuition & Fees	\$61,990,141	\$59,100,863	\$62,113,934	\$65,918,716
Chargeback Revenue	\$662,258	\$673,262	\$764,431	\$754,539
Sales & Service Fees	\$3,902,558	\$3,825,718	\$2,942,985	\$3,160,306
Other Operating Revenues	\$1,226,179	\$1,147,097	\$934,162	\$1,257,863
<b>Total Operating Revenues</b>	<b>\$67,781,136</b>	<b>\$64,746,940</b>	<b>\$66,755,512</b>	<b>\$71,091,424</b>
<b>Non-Operating Revenues</b>				
Real Estate Taxes	\$104,425,923	\$107,807,680	\$99,822,644	\$106,110,511
Corporate Personal Property Replacement Taxes	\$1,624,041	\$1,494,002	\$1,526,489	\$1,544,222
State Appropriations	\$38,742,103	\$42,633,843	\$50,695,312	\$54,690,039
Federal Grants & Contracts	\$26,175,510	\$29,415,386	\$30,349,795	\$31,111,335
Non-Governmental Gifts & Grants	\$1,561,341	\$1,363,232	\$1,125,049	\$1,086,146
Investment Income	\$1,315,742	\$727,102	(\$29,307)	\$2,235,615
Gain (Loss) on Sale of Capital Assets	\$14,585	\$98,660	\$42,445	\$40,187
<b>Total Non-Operating Revenues</b>	<b>\$173,859,245</b>	<b>\$183,539,905</b>	<b>\$183,532,427</b>	<b>\$196,818,055</b>
<b>Total Revenues</b>	<b>\$241,640,381</b>	<b>\$248,286,845</b>	<b>\$250,287,939</b>	<b>\$267,909,479</b>
Source: College of DuPage Comprehensive Annual Financial Reports, FY2011-FY2014.				

**Operating revenue** includes activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances), and sales and services of auxiliary enterprises. **Non-operating revenue** includes activities that have the characteristics of non-exchange transactions, such as local property taxes; state appropriations; most federal, state, and local grants, contracts and federal appropriations; gifts; and contributions.

Total revenues for the College have increased over the past four years from \$241.6 million in FY2011 to \$267.9 million in FY2014 or 11 percent. As can be seen in Exhibit 1-5, operating revenues account for less than one-third of total revenues for the College (\$71.1 million or 27%) for FY2014. Exhibit 1-6 shows a breakout of all revenues by category for FY2014.



The College’s **operating revenue** is derived primarily from student tuition and fees. For FY2014, tuition and fees accounted for \$65.9 million of the \$71.1 million in operating revenues or 93 percent. Tuition and fees for FY2014 is net of scholarship allowances of \$30.4 million. Operating revenues in the exhibit also include sales and services, which includes the bookstore.

The College’s **non-operating** revenue is generated from sources such as real estate taxes, State appropriations, and federal grants and contracts. These non-operating revenues accounted for \$196.8 million or 73 percent of total revenues for FY2014. Revenue from real estate taxes accounted for \$106.1 million of the total non-operating revenues of \$196.8 million or 54 percent.

The College of DuPage Foundation, which is a 501(c)(3) corporation, also accepts monies from foundations and private sources. These sources are not reported as part of the College’s financial statements but are reported separately in the College of DuPage Comprehensive Annual Financial Reports as a discrete component unit.

**Other State and Federal Revenues**

State appropriations accounted for approximately 20 percent of the College’s total revenues. State appropriations were \$54.7 million in non-operating revenues for FY2014 or 28 percent of total non-operating revenues. As can be seen in Exhibit 1-5, State appropriations increased 41 percent between FY2011 and FY2014 from \$38.7 million to \$54.7 million. Federal grants and contracts accounted for another \$31.1 million for FY2014 or 16 percent of non-operating revenue for the year.

The large increase in revenues from the State of Illinois was primarily due to the State contributing to the State Universities Retirement System (SURS) on behalf of the College. The College records a revenue and expense for these in-kind payments by the State. The State's contribution to SURS increased from \$17.4 million in FY2011 to \$33.8 million in FY2014.

### Expenditures

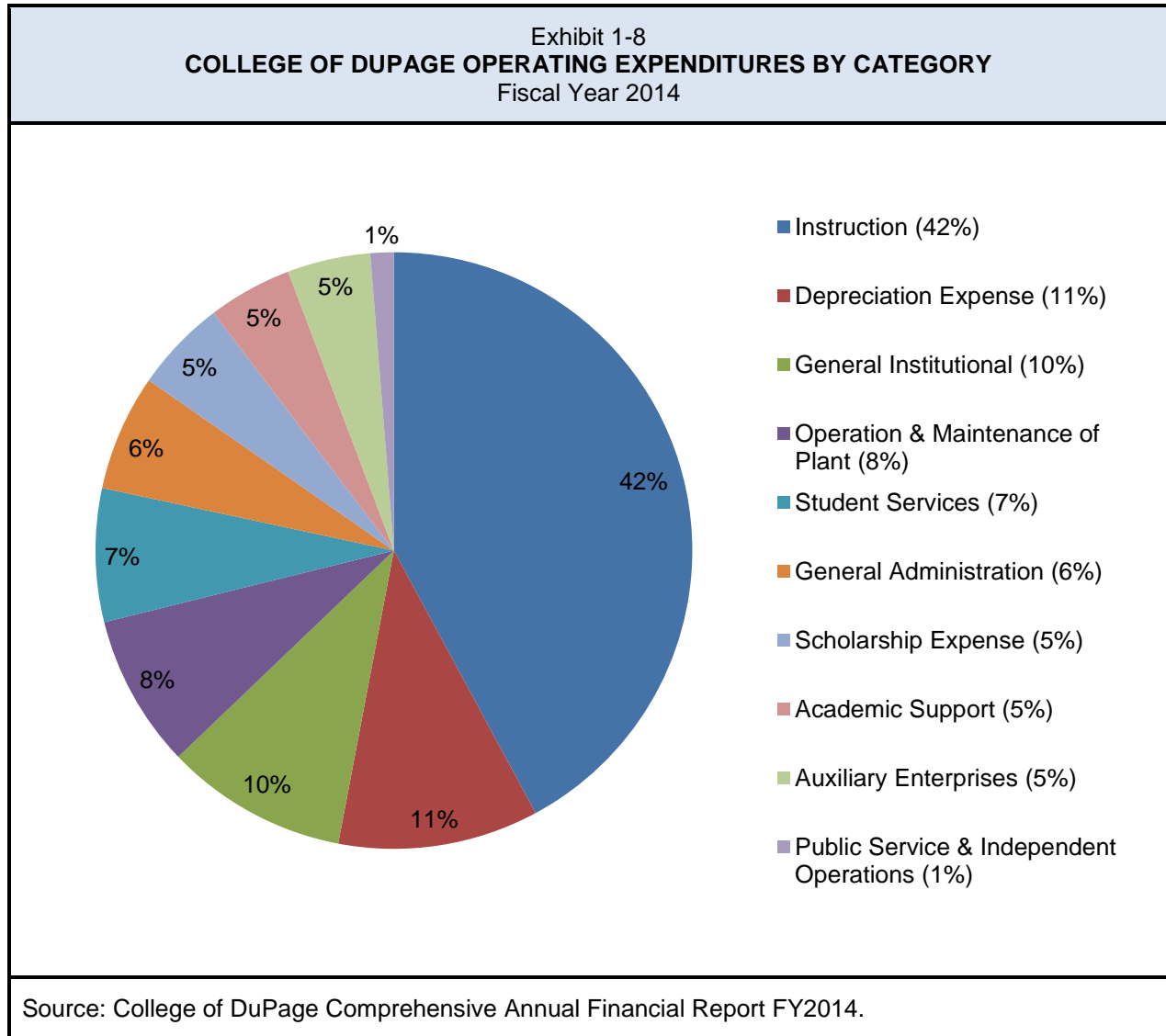
Total expenditures for the College of DuPage for the period FY2011 to FY2014 have increased from \$195.5 million to \$231.4 million respectively or 18 percent. Operating expenses, which are the largest category of expenses, have increased from \$189.1 million in FY2011 to \$221.5 million in FY2014 (see Exhibits 1-7 and 1-8).

Exhibit 1-7 COLLEGE OF DUPAGE EXPENDITURES Fiscal Years 2011-2014				
Expenditure Category	FY2011	FY2012	FY2013	FY2014
<b>Operating Expenses</b>				
Instruction	\$83,385,917	\$88,951,878	\$93,393,300	\$93,280,995
Depreciation Expense	\$7,741,061	\$14,417,172	\$19,929,800	\$24,071,416
General Institutional	\$22,219,537	\$22,131,912	\$20,130,613	\$21,834,358
Operation & Maintenance of Plant	\$15,946,733	\$17,202,087	\$17,178,800	\$18,358,900
Student Services	\$12,377,424	\$11,120,268	\$13,729,284	\$16,018,220
General Administration	\$12,898,568	\$13,357,056	\$13,806,523	\$13,951,158
Scholarship Expense	\$12,215,817	\$12,492,032	\$10,847,045	\$11,092,632
Academic Support	\$9,528,488	\$9,366,021	\$10,030,258	\$10,078,118
Auxiliary Enterprises	\$10,907,689	\$12,505,598	\$9,895,502	\$9,974,369
Public Service	\$1,683,103	\$1,895,427	\$2,202,396	\$2,787,075
Independent Operations	\$233,934	\$316,150	\$7,973	\$9,923
<b>Total Operating Expenses</b>	<b>\$189,138,271</b>	<b>\$203,755,601</b>	<b>\$211,151,494</b>	<b>\$221,457,164</b>
<b>Non-Operating Expenses</b>				
Interest on Capital Asset-Related Debt	\$6,342,263	\$5,824,138	\$7,363,226	\$9,948,113
<b>Non-Operating Expenses</b>	<b>\$6,342,263</b>	<b>\$5,824,138</b>	<b>\$7,363,226</b>	<b>\$9,948,113</b>
<b>Total Expenses</b>	<b>\$195,480,534</b>	<b>\$209,579,739</b>	<b>\$218,514,720</b>	<b>\$231,405,277</b>
Source: College of DuPage Comprehensive Annual Financial Reports, FY2011-FY2014.				

- **Instruction** expenditures accounted for \$93.3 million for FY2014 or approximately 42 percent of total operating expenditures for the College for that year. Expenses for instruction increased from \$83.4 million in FY2011 to \$93.3 million in FY2014 or 12 percent. Instruction consists of those activities dealing directly with the teaching of students. It includes the activities of faculty in the baccalaureate-oriented/transfer, occupational-technical career, general studies, and remedial and ABE/ASE programs (associate degree credit and certificate credit). It includes expenditures for department chairpersons, administrators, and support staff for whom instruction is an

important role. It also includes all equipment, materials, supplies, and costs that are necessary to support the instructional program.

- **Depreciation** expense has more than tripled over the four-year period FY2011-FY2014 from \$7.7 million in FY2011 to \$24.1 million in FY2014. Depreciation expense increased primarily due to the addition of new buildings and building additions which were placed into service during that time.



- **General Institutional** expenses decreased slightly, from \$22.2 million in FY2011 to \$21.8 million in FY2014. Institutional expenditures include expenses for central executive-level activities and support services that benefit the entire institution. Examples include expenses for the governing board, administrative data processing, fiscal operations, legal services, etc.
- **Operation and Maintenance of Plant** expenses increased from \$15.9 million in FY2011 to \$18.4 million in FY2014 or 15 percent. These expenses increased

- primarily due to the addition of new buildings and building additions which were placed into service during that time. Operation of plant consists of activities necessary in order to keep the physical facilities open and ready for use. Maintenance of plant consists of those activities necessary to keep the grounds, buildings, and equipment operating efficiently. This function also provides for campus security and plant utilities, as well as equipment, materials, supplies, fire protection, property insurance, and other costs that are necessary to support this function.
- **Student Services** increased from \$12.4 million in FY2011 to \$16.0 million in FY2014 or 29 percent. Student Services includes expenses to provide assistance in the areas of financial aid, admissions and records, health, placement, testing, counseling, and student activities. It also includes all equipment, materials, supplies, and costs that are necessary to support this function.
  - **General Administration** for the College increased from \$12.9 million in FY2011 to \$14.0 million in FY2014 or 8 percent. General Administration includes expenses for administrative activities that benefit the entire institution. Examples include expenses for information technology, financial affairs, human resources, legal services, staff services, procurement, etc.
  - **Scholarship** expenses decreased during the four-year period from \$12.2 million to \$11.1 million or approximately 9 percent. This category includes activities in the form of grants to students, prizes and awards, chargebacks, and financial aid to students in the form of state-mandated and institutional tuition and fee waivers.
  - **Academic Support** increased from \$9.5 million in FY2011 to \$10.1 million in FY2014 or 6 percent. Academic support includes expenses designed to provide support services for the College's primary missions of instruction, public service, and research. Academic support also includes the operation of the library, educational media services, instructional materials center, and academic computing used in the learning process. Examples of other activities include tutoring, learning skills centers, and reading and writing centers. It also includes expenditures for all equipment, materials, supplies, and costs that are necessary to support this function.
  - Although expenses for **Auxiliary Enterprises** appear to have decreased from \$10.9 million in FY2011 to \$10.0 million in FY2014 or 9 percent, the decrease may have occurred due to reclassification of activities. During FY2013, the College analyzed its auxiliary units to determine if each unit met the definition of an auxiliary unit. As a result of the analysis, the College reclassified some expenses to different line items. The largest reclassification was \$1.4 million for expenses for student athletics, performing arts and student organizations to Student Services instead of Auxiliary Enterprises. Auxiliary Enterprises provides for the operation of the cafeteria, bookstore, student organizations, athletics, and other related activities. It also includes all equipment, materials, supplies, and costs that are necessary to support this function. Activities included in Auxiliary Enterprises should be self-supporting.
  - **Public Service** expenses increased from \$1.7 million in FY2011 to \$2.8 million in FY2014 or 66 percent. Public service consists of noncredit classes and other activities of an educational nature, such as workshops, seminars, forums, exhibits, and the provision of College facilities and expertise to the community designed to be of service to the public.

- **Independent Operations** expenses decreased substantially from \$233,934 in FY2011 to \$9,923 in FY2014. The decrease in Independent Operations is due to the reclassification of continuing education departments (Older Adult Institute, High School Program, Off Campus Program) charged to Auxiliary Enterprises in FY2013. Independent Operations includes any separate research projects, other than institutional research projects that are included under institutional support, whether supported by the College or by an outside person or agency. It also includes all equipment, materials, supplies, and costs that are necessary to support this function.
- **Interest on Capital Asset-Related Debt** increased from \$6.3 million in FY2011 to \$9.9 million in FY2014 or 57 percent. This increase was due primarily to an increase in bonds payable. The long-term debt related to bonds payable increased from \$183 million in FY2011 to \$308 million in FY2014. Total long-term debt increased from \$218 million in FY2011 to \$332 million in FY2014.

### Net Income

For the four-year period FY2011-FY2014, the College had total net income of more than \$153 million. Net income (the excess of revenues over expenses) ranged from a high of \$46.2 million in FY2011 to a low of \$31.8 million in FY2013. Exhibit 1-9 shows the net income during the period.

Board Policy 10-40 states that the College will strive to maintain an on-going unrestricted fund balance in the combined General, Working Cash and Auxiliary Funds in an amount equivalent to fifty percent of the College’s total annual revenues in the General Fund (comprised of the Education Fund and the Operations and Maintenance Fund). According to the 2014 Comprehensive Annual Financial Report, as of the end of FY2014, the College had achieved a fund balance ratio of 46.6 percent.

Exhibit 1-9 COLLEGE OF DUPAGE NET INCOME Fiscal Years 2011-2014			
Fiscal Year	Total Revenues	Total Expenditures	Net Income
FY2011	\$241,640,381	\$195,480,534	\$46,159,847
FY2012	\$248,286,845	\$209,579,739	\$38,707,106
FY2013	\$250,287,939	\$218,514,720	\$31,773,219
FY2014	\$267,909,479	\$231,405,277	\$36,504,202
<b>Grand Total</b>	<b>\$1,008,124,644</b>	<b>\$854,980,270</b>	<b>\$153,144,374</b>

Source: College of DuPage Comprehensive Annual Financial Reports, FY2011-FY2014.

### Suburban Law Enforcement Academy Revenues

In November 2015, the Illinois Community College Board (ICCB) issued a report which concluded that the College of DuPage had inappropriately received base operating grant funds from ICCB for courses offered through the Suburban Law Enforcement Academy (SLEA) for FY2012-FY2014.

The SLEA was established by the DuPage County Chiefs of Police Association in 1994 to fulfill required training needs of local police departments. The 12-week program is offered three to four times each year at the Homeland Security Educational Center on the campus of College of DuPage. The SLEA is accredited by and meets the curriculum requirements of the Illinois Law Enforcement Training and Standards Board (ILETSB).

ICCB concluded that the College of DuPage did not have direct and continuous control of the units of instruction. ICCB Administrative Rule 1501.302 (2)(A) and (B) require institutions to maintain academic control of their curriculum. The report concluded that the design, conduct, and evaluation of the units of instruction taken by the SLEA students are not under the direct and continuous control of the College. Instead, the curriculum was implemented by an outside organization (ILETSB) and is not subject to the direct oversight or evaluation of the College's academic leadership and faculty. Furthermore, there were no Criminal Justice faculty members involved in the teaching of the courses. Instead, the courses were taught by instructors designated by the ILETSB. These instructors may have met the College's adjunct faculty requirements, but they were not subject to evaluation and direct supervision by the College.

ICCB recommended that, *"In order to be in compliance with Administrative Rule 1501.302 (2), the college must clearly delineate whether the courses in question fall under the category of prior learning or must move to gain "direct and continuous" academic control of the courses in question through the incorporation of SLEA into the regular academic planning and oversight process consistent with other programs on campus."* The College of DuPage responded that it had made the determination to discontinue offering Criminal Justice credit for any SLEA coursework effective immediately.

ICCB also concluded that the College of DuPage had exceeded the limits for credit hours. Community colleges receive State funding from the ICCB via a formula based on credit hours generated by students in courses. ICCB Administrative Rules (23 Ill. Adm. Code 1501.507(b)(10)) limit credit hours to a maximum of one or equivalent per week. The ICCB found that SLEA was exceeding this limitation. According to the report, the College had recently increased the number of credit hours for SLEA from 13 hours to 22 hours. Also, a midterm certification is required for a course to generate credit hours for funding. According to the report, the midterm certifications for the courses that the SLEA students were enrolled in were not signed by an instructor as was required but instead were signed by the College's Program Administrator.

ICCB recommended that, *"In order to be in compliance with Administrative Rule 1501.507 c) 1), all SLEA course sections should be eliminated from the FY2015 and FY2016 SU forms and the reports should be resubmitted to the ICCB. The college must work with the ICCB staff to determine the amount the College should reimburse the ICCB for fiscal years 2012-2014 for the SLEA courses that were funded through base operating grants."* According to information provided by the College, the State (ICCB) plans to withhold payments totaling \$140,790 to make up for the overpayments during the period FY2012-FY2013.

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## **RECENT PUBLIC ACTS**

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On July 29, 2016, the Governor approved four public acts that amended the Public Community College Act. The effective date of the acts is January 1, 2017.

- Public Act 99-691 requires the Illinois Community College Board to include as part of a college’s recognition review, a review of compliance with State and federal laws regarding employment contracts and compensation.
- Public Act 99-692 requires all community college trustees to complete a minimum of four hours of professional development leadership training every other year.
- Public Act 99-693 requires that between 45 days prior to a Board of Trustees election and the first organizational meeting of the new Board, no changes to the employment contract of a college president can be agreed to or executed and an employment contract cannot be entered into, unless emergency action has to be taken. If the Board must take action, it is only effective until 60 days after the first Board meeting unless reaffirmed by the new Board.
- Public Act 99-694 adds several requirements for presidential employment contracts. These requirements include:
  - final action on employment contracts must be taken during an open meeting;
  - public notice for employment contracts must include a description of the financial components of the appointment; and
  - each Board must complete an annual performance review of the president and the review must be considered when the Board considers a bonus, raise or severance agreement.

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## **AUDIT SCOPE AND METHODOLOGY**

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This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. A detailed methodology for the audit is presented in Appendix B.

Government Auditing Standards state that audit risk is the possibility that the auditors’ findings, conclusions, recommendations, or assurance may be improper or incomplete, as a result of factors such as evidence that is not sufficient and/or appropriate, an inadequate audit process, or intentional omissions or misleading information due to misrepresentation or fraud.

We interviewed officials from the College of DuPage to identify key decision points and obtain information related to the audit’s objectives. However, we were not able to conduct interviews with several key employees during the audit period including the College’s President, Treasurer, and Controller. These individuals were placed on leave prior to the entrance conference on July 28, 2015, and were later terminated. The Executive Director of the College’s Foundation also went on leave and subsequently left employment with the College during the audit.



Although we extended an offer to the former President of the College and the former Executive Director of the College's Foundation to meet with us during the audit, they did not reply and, therefore, were not interviewed by auditors.

In some cases, information was provided to auditors by financial consultants or the legal counsel that were hired by the Board after the audit period. The financial consultants were replaced during the audit by an interim Treasurer and an interim Controller. Because the financial consultants, legal counsel, and interim Treasurer and Controller were not under contract or employed by the College during the audit period reviewed, there is a risk that they may have lacked the institutional knowledge to identify key documentation or personnel to obtain documentation related to the audit's objectives.

An exit conference to discuss the draft audit report was held with officials from the College of DuPage on August 26, 2016. Those in attendance included:

**College of DuPage:**

Deanne M. Mazzochi, Board of Trustees Chair  
Dr. Ann E. Rondeau, President  
Scott L. Brady, Interim Controller  
James E. Martner, Director of Internal Audit  
Timothy D. Elliott, Legal Counsel  
Emily A. Shupe, Legal Counsel  
Andrew C. Porter, Legal Counsel

**Office of the Auditor General:**

Michael Paoni, Audit Manager  
Patrick Rynders, Audit Supervisor  
Bill Helton, Audit Supervisor  
Paul Skonberg, Audit Staff



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## Chapter Two

# TRUSTEE FIDUCIARY RESPONSIBILITIES – Part I

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### CHAPTER CONCLUSIONS

The Board of Trustees could improve its fiduciary oversight of the College's operations in several areas. We reviewed the College of DuPage Board of Trustees' fiduciary responsibilities including those for: annually evaluating the College President; annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College.

The policy manual of the College of DuPage Board of Trustees did not include guidance regarding individual trustee fiduciary responsibilities. As of June 30, 2014, the Board's policies did not require standing committees. Defining the individual fiduciary responsibilities of Board members and establishing standing committees for certain areas may be beneficial for the College of DuPage Board of Trustees in improving its oversight of the College.

The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement.

The College could not provide copies of completed written appraisals of the President's performance. Also, although closed session Board minutes were provided, the minutes were not always specific enough to determine if the President's performance was discussed. We did see evidence that the Board of Trustees was: annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College.

The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement.

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### FIDUCIARY RESPONSIBILITIES

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House Resolution No. 55 asked the Auditor General to determine whether, during Fiscal Years 2011 through 2014, the Board met its fiduciary responsibilities required by Board policy, including: annually evaluating the College President; annually reviewing the financial performance of the College and causing an audit to be made; adopting the annual financial plan of the College; adopting a comprehensive Strategic Long Range Plan; and reviewing the President's annual report on the outcomes of the College.

## PRINCIPLES OF FIDUCIARY DUTY

The College of DuPage Board of Trustees policies do not include guidance regarding individual trustee fiduciary responsibilities. According to the Association of Governing Boards of Universities and Colleges, fiduciary principles and duties are at the heart of effective governance of boards of colleges and universities. A fiduciary is someone who has special responsibilities in connection with the administration, investment, monitoring, and distribution of assets for an institution. A fiduciary owes particular duties to the institution he or she serves including the fiduciary duties of care, loyalty, and obedience. Taken together, these duties require board members to make careful, good-faith decisions in the best interest of the institution consistent with its missions, independent of undue influence from any party or from financial interests. While governing boards act as a body, fiduciary duties fall on the individual board members. Effective board members must be fully engaged and attend meetings, read and evaluate materials, ask questions and get answers, honor confidentiality, avoid conflicts of interest, demonstrate loyalty, understand and uphold the mission, and ensure legal and ethical compliance.

The Association of Governing Boards of Universities and Colleges states that fiduciary duties may be described in, and imposed by, a college or university’s bylaws, governing board policies, standards of conduct, or code of ethics. The Board of Trustees for the College of DuPage does not have Board Bylaws or standards of conduct. Although the Policy Manual for the College of DuPage Board of Trustees includes a policy with the general responsibilities of the Board (Policy 5-15), an ethics policy (Policy 5-30), and an ethics ordinance, neither the policies nor the ordinance include a discussion regarding a trustee’s individual fiduciary responsibilities. Without specific guidance in policies regarding trustee individual fiduciary responsibilities, trustees may not always know how to act in a manner that protects the College and community.

<b>FIDUCIARY DUTIES OF TRUSTEES</b>	
<b>RECOMMENDATION</b>  <b>1</b>	<i>The College of DuPage Board of Trustees should consider defining in its policies the fiduciary responsibilities of individual Trustees.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.  The College intends to present a new policy on this issue for Board consideration during the fourth quarter of 2016. The new policy will augment other recent efforts by the College to improve training for the Board of Trustees ("Board"). Such efforts include formal training on parliamentary procedure (July 2016) and formal ethics training (June and July 2016). In 2017 (the next time new trustees are seated), the College will also provide a comprehensive orientation program for new trustees.

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## **BOARD OF TRUSTEES ORGANIZATION AND COMMITTEES**

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The Board of Trustees elects or appoints a Chair, Vice-Chair, Secretary, and Treasurer at its annual organizational meeting. The Board is required by policy to meet at least once per month to review the operations, programs, personnel, and plans for the continued development of the College. For each monthly regular meeting, an agenda is prepared and Trustees are provided with a packet of information. These information packets can sometimes be voluminous and cover a wide range of topics. For example, the information packet for the Board’s June 26, 2014 meeting totaled 315 pages, including a 3 page agenda. Consent agenda items for this meeting totaled 180 pages. Items in the consent agenda included financial reports, bid items, requests for proposal, purchase orders, personnel actions, construction items, and approval of construction change orders.

As of June 30, 2014, the Board of Trustees policies did not require standing committees. The Board’s policies stated that, *“The Board Chair, or a majority of the Board, may appoint committees as are deemed necessary by the Board. Such committees will report recommendations for appropriate action to the Board and will be dissolved by: (i) the Board’s acceptance of the report; (ii) the Board Chair, if the committee was appointed by the Chair; or (iii) by a vote of the Board, if the committee was appointed by the Board.”* Although there are no standing committees established in the Board’s policies, under Policy 5-60 (Duties of the Chair) one of the duties of the Chair of the Board of Trustees is to make all Board standing committee appointments with the advice and consent of the Board. The College could not provide documentation to show that any Board committees had met during the period FY2011-FY2014.

Other colleges in Illinois utilize standing committees. For instance, the University of Illinois has established the following standing committees:

- Academic and Student Affairs;
- Audit, Budget, Finance, and Facilities;
- University Healthcare System; and
- Governance, Personnel, and Ethics.

The City Colleges of Chicago Board of Trustees has established three standing committees:

- Board Executive Committee;
- Board Committee on Academic and Student Services; and
- Board Committee on Financial and Administrative Services.

In August 2015, the Board of Trustees for the College of DuPage established an Audit Committee by policy (Policy 5-220). Prior to the establishment of this policy, an Audit Committee was referenced in Board Policy 5-175 (Appointment of an Audit Firm) but had not been formally established.

Having committees can be helpful in assisting the board in doing its work more efficiently and effectively. The benefits of using committees include:

- More thorough research and consideration of information;

- More time at the regular board meeting for regular business; and
- Better dialogue between committee members, staff, and community members on the specific topic.

Establishing other standing committees for areas such as finance, budget, or academic affairs may be beneficial for the College of DuPage Board of Trustees in improving its oversight of the College.

<b>ESTABLISHING STANDING COMMITTEES</b>	
<b>RECOMMENDATION</b>  <b>2</b>	<i>The College of DuPage Board of Trustees should consider adopting policies that establish standing committees for areas such as finance, budget, or academic affairs.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.  During the majority of the audit period (2009-2014), the Board did not utilize committees. Since April 2015, the Board has taken steps to provide more oversight through the use of committees. As noted in the Auditor General's report, the Board established an Audit Committee by policy on August 13, 2015 to provide independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. The Board also established a Budget Committee on April 30, 2015, and an Academic Committee in July 2015 (which was formally chartered in November 2015). The Board will consider revising its policies to reflect the existence of those Committees.

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## **RESPONSIBILITIES OF THE BOARD OF TRUSTEES**

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The College of DuPage Board of Trustees has approved a policy manual entitled the “Policy Manual of the Board of Trustees,” which was adopted March 19, 2009. Several policies in the manual have recently been updated including Policy 5-15 (amended May 21, 2015). For example, Policy 15-205 states that the President is directly responsible to the Board of Trustees, and is also responsible for preparing, recommending, and executing Board policies, and for implementing the procedures in support of these policies.

College of DuPage Board of Trustees Policy 5-15, in effect during the audit period, required the Board of Trustees to:

1. Appoint the President, who will be the chief administrative officer of the College and the executive officer in dealing with the Board. Annually evaluate the President's performance.
2. Ensure efficient and effective development, operation and maintenance of the College.
3. Execute all duties and powers authorized by the Illinois Public Community College Act, 110 ILCS 805/1 *et seq.*

4. Direct the President to formulate and revise policy as necessary for Board consideration. The President will seek employee input as necessary and appropriate.
5. Annually review the financial performance of the College and cause an audit to be made.
6. Annually adopt the Financial Plan of the College.
7. Ensure the quality of education provided by the College.
8. Annually adopt a comprehensive Strategic Long Range Plan.
9. Annually review a report on the Outcomes of the College from the President.
10. Review matters recommended by the President and cause appropriate action to be taken.

### **Annual Evaluation of the College President**

The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement. The College could not provide copies of completed written performance appraisals. Also, although closed session Board minutes were provided, the minutes were not always specific enough to determine if the President's performance was discussed.

Board of Trustees Policy 5-15 required that the Board annually evaluate the President's performance. Policy 15-210 requires that:

*The Board of Trustees will evaluate the College President prior to the end of each fiscal year. The Board will establish procedures and criteria in consultation with the President to facilitate the evaluation process. A written copy of the Board's evaluation will be provided to the President.*

The President's Employment Agreement also requires that the Board assess the President's performance on or before June 30 each year and that the Board's assessment be through a general discussion between the President and a Committee designated by the Chairperson of the Board. A copy of the Board's written evaluation is to be provided to the President.

We reviewed the President's personnel file and found that it did not contain any finalized annual evaluations. The College of DuPage legal counsel provided auditors with electronic files related to the President's annual evaluations and minutes of closed session meetings. The files provided showed:

- For 2010, a completed written performance appraisal was provided but the document was unsigned and undated.
- For 2011 and 2012, **no** written performance appraisals were provided.
- For 2013, a **blank** appraisal form was provided.

We reviewed closed session meeting minutes provided by the Board's legal counsel. For 2010, the written minutes provided contained a one-sentence statement that the Board discussed employment issues, but did not specifically reference the President. Instead, the minutes referenced discussions on the "employment of an employee" and "an administrator's employment." Therefore, we could not verify whether a discussion of the President's performance took place. For 2011, there was evidence that the President's evaluation was

discussed. However, for 2012 and 2013 there was no evidence in the Board’s closed session minutes that a discussion of the President’s evaluation took place.

Performing annual evaluations ensures that employees perform their jobs to the best of their abilities, recognizes them for good performance, and allows them to receive appropriate suggestions for improvement. Because the College of DuPage Board appoints a President to organize and manage the institution within the Board’s policies, it is critical to the success of the institution that the President’s performance be evaluated.

<b>EVALUATING THE COLLEGE PRESIDENT ANNUALLY</b>	
<b>RECOMMENDATION</b>  <b>3</b>	<i>The College of DuPage Board of Trustees should ensure that the College President is evaluated annually and that reviews are documented.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.

### **Audit and Annual Review of the Financial Performance of the College**

Board of Trustees Policy 5-15, Responsibilities of the Board, required that the Board annually review the financial performance of the College. The Policy also required that the Board annually cause an audit to be made of the College.

We reviewed documentation and Board minutes for FY2011 through FY2014. Each year the College produced a Comprehensive Annual Financial Report (CAFR). Within each CAFR there was an Independent Auditor’s Report from an external audit firm. We reviewed meeting minutes for the Board and found that in either September or October annually, the Board accepted the Comprehensive Annual Financial Report and Single Audit for the fiscal year. These were accepted by a unanimous vote of the Board of Trustees each year for FY2011 through FY2013 and a vote of 6-1 for FY2014.

### **Adopting an Annual Financial Plan**

The Illinois Public Community College Act requires that each community college board adopt a budget annually (110 ILCS 805/3-20.1). Board Policy 5-15, Responsibilities of the Board, also required that the Board annually adopt the financial plan for the College.

We obtained copies of the annual budgets and the five-year financial plans for the College for FY2011 through FY2014. Although the Board adopted an annual budget each year for FY2011 through FY2014, we could not document that the Board officially adopted a financial plan for FY2011 and FY2012. Beginning in FY2013 the five-year financial plan was included as part of the annual budget. For FY2013 and FY2014, the annual budgets adopted by the Board contained the five-year financial plans for the College as part of the budget document.

### **Adopting a Comprehensive Strategic Long Range Plan**

Board of Trustees Policy 5-15, Responsibilities of the Board, required that the Board annually adopt a comprehensive Strategic Long Range Plan (SLRP). The SLRP defines the



College's institutional philosophy, mission, vision, core values, long-term goals and associated tasks. We obtained copies of the 2011 through 2013 SLRP and the April 2012 update to the 2011 through 2013 SLRP. We also obtained copies of the April 2013 and April 2014 updates to the 2014 through 2016 SLRP. These plans and updates were adopted by the Board of Trustees annually.

#### **Reviewing the President's Annual Report on the Outcomes of the College**

Board of Trustees Policy 5-15 required that the Board of Trustees annually review from the President a report on the outcomes of the College. The report on outcomes reflects key actions and results that contribute to advancing the mission and achieving the vision of the College. We obtained the Institutional Outcomes Reports for FY2011 through FY2014. These reports were discussed in the minutes of the Board meetings on September 15, 2011, July 19, 2012, September 19, 2013, and August 21, 2014. The FY2014 report concluded that the College had met or exceeded the 11 institutional priorities.



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## Chapter Three

# TRUSTEE FIDUCIARY RESPONSIBILITIES – Part II

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## CHAPTER CONCLUSIONS

House Resolution No. 55 asked the Auditor General to determine whether the Board is meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to the investment of College funds, procurements and contracts, and budget transfers.

The College's administrative procedures required the College's investments to be reviewed periodically by the Treasurer's Advisory Committee to address issues of investment mix and return. However, this Committee did not meet between January 18, 2013, and November 7, 2014 (nearly two years).

Although the Board was receiving monthly investment reports for the period FY2011 through FY2014, those reports did not always show a breakout of investments by the type of investment and did not show the percentage of each type of investment allowable by policy.

- The College could not provide documentation to show that the Board was receiving quarterly investment reports as required by Board policy, including investments in the portfolio by type, issuer, interest rate, maturity, book value, income earned, current market value as of the report date and comparison to any applicable benchmarks.
- The College could not provide documentation to show that the College was annually reviewing its investments as is required by Board policy.

According to information provided by College officials, during the four-year period FY2011-FY2014 there were 3,562 budget transfers involving 34,842 individual transactions for a total of more than \$460 million. Our review of these budget transfers found that some transactions that were listed as transfers were not budget transfers in a traditional sense but were changes in the accounting system. The Board was only required to approve one budget transfer (budget amendment) during the four-year period we reviewed. Our review of 20 budget transfers found that the need for the transfer was not always clearly documented and that there was not always proper and timely approval by officials. The Board should consider taking a more active role in the budget transfer approval process by revising its policies to limit the President's and/or Controller's authority to approve large transfers.

Our review of these budget transfers found that some transactions that were listed as transfers were not budget transfers in a traditional sense but were changes in the accounting system.

The audit reviewed a sample of 40 procurements over \$25,000 for compliance with the Illinois Public Community College Act, Board policies, and administrative procedures. One of the 40 procurements we selected was not applicable to competitive procurement requirements

because it was part of another agreement. Our review found that procurements did not always comply with established requirements.

- Requisitions lacked approval prior to the purchase. The College could not provide requisitions for four procurements tested. For the 36 requisitions provided there was no evidence of approval from the Vice President of Administrative Affairs per Administrative Procedure 10-60.
  - In 5 of 36 cases (14%) the requisition was created **after** an invoice for payment had been received.
- For 22 of 39 (56%) procurements, the purchase was not competitively bid.
- For 12 of 17 (71%) procurements that were bid, we could not determine if the bids were opened by a member or employee of the Board as required by law.
- For 6 of 17 (35%) procurements that were competitively procured, we could not determine if the bids were opened publicly.
- For 2 of the 32 (6%) procurements reviewed that required Board approval, the College could not provide documentation of Board approval of the contract or expenditure.
- Files did not always contain the final signed contract or agreement. For 9 of 30 (30%) procurements that required a contract, the College could not provide a signed contract or written agreement.

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## **FIDUCIARY RESPONSIBILITIES**

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House Resolution No. 55 asked the Auditor General to determine whether the Board is meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to the investment of College funds, procurements and contracts, construction activities, and budget transfers. Investments, budget transfers, and procurements and contracts are discussed in this Chapter. Construction activities are discussed in Chapter Five.

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## **INVESTMENTS**

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The Illinois Public Community College Act (110 ILCS 805/3-47) classifies funds held by community colleges as public funds within the meaning of the Public Funds Investment Act. The Public Funds Investment Act (30 ILCS 235/2) authorizes the College to invest in the following: (1) bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest; (2) bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities; (3) interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (4) short term obligations of corporations organized in the United States with assets exceeding \$500,000,000, with certain restrictions on the investments' rating, and investment limits; and (5) money market mutual funds as long as the portfolio of the money market mutual fund falls within the requirements of the Public Funds Investment Act.

Investments are subject to approval by the community college board of trustees for each college. Each community college board of trustees is required by law to develop a policy regarding the college's investment portfolio (30 ILCS 235/).

### **College of DuPage Investment Policies**

The College of DuPage Board of Trustees has adopted an investment policy (Policy 10-55) which provides for restrictions on the investment of the College's funds. According to the policy, the College's investment objectives, in order of priority, include: safety, liquidity, and return.

The College's investment policy states that the Board of Trustees has ultimate fiduciary responsibility for the investment of College funds. However, to execute these responsibilities, the Board of Trustees delegates the responsibility to the College's Treasurer for implementation, ongoing monitoring, and oversight of the investment portfolio. The Treasurer may delegate the day-to-day responsibility for the investment of College funds to the Assistant Vice President of Finance and Controller, according to Policy 10-55.

The investment policy contains specific guidelines regarding the percentage of certain types of investments that may be held by the College. These include:

- No more than 25 percent of the College's total investment portfolio may be invested in callable securities;
- No more than 5 percent of the College's investment portfolio can be invested in any single fund;
- No more than 20 percent of the College's operating investment portfolio can be invested in commercial paper at any time;
- No more than 5 percent of the College's operating investment portfolio can be invested in money market mutual funds;
- The College may invest in the Illinois Institutional Investors Trust; however, no more than 25 percent of the total investment portfolio can be invested in this fund; and
- The College may invest in the PFM/Prime Series Fund; however, no more than 25 percent of the total investment portfolio can be invested in this fund.

**Exhibit 3-1  
COLLEGE OF DUPAGE JUNE 2014 INVESTMENT REPORT  
PRELIMINARY**

COLLEGE OF DUPAGE  
COMMUNITY COLLEGE DISTRICT NO. 502  
INVESTMENT SCHEDULE  
6/30/2014

FINANCIAL INSTITUTION	DATE PURCHASED	DATE OF MATURITY	RATE OF RETURN *	PRINCIPAL
<b>OPERATING INVESTMENTS:</b>				
<b>EDUCATIONAL FUND</b>				
US Bank - IL FUNDS	N/A	N/A	0.02	\$ 3
Wheaton Bank & Trust NOW Acct	N/A	N/A	0.20	16,162,501
PFM Liquidity Acct	N/A	N/A	0.07	558
Bank Baroda New York NY CD	4/4/2014	10/6/2014	0.20	249,000
Firstbank PR Santurce CD	8/9/2013	8/8/2014	0.40	249,000
Bank India New York NY CD	9/18/2013	9/17/2014	0.40	249,000
Safra Nat'l Bk New York CD	8/15/2013	11/17/2014	0.45	249,000
Discover Bank Greenwood	6/25/2014	12/26/2014	0.30	249,000
Chase High Yield Saving	N/A	N/A	0.05	19,531,619
IMET Convenience Fund	N/A	N/A	0.36	47,819,298
Northern Trust - Ultra-Short Fixed Income	N/A	N/A	0.80	45,412,545
Northern Trust - GS Short Duration Fund	N/A	N/A	1.67	18,322,369
Northern Trust - GS FMV Adjustment	N/A	N/A	N/A	18,648
Global Gov't Securities: FNMA	07/26/12	08/14/17	1.00	30,000,000
Global Gov't Securities: FMV Adjustment	N/A	N/A	N/A	(26,548)
Global Gov't Securities: Money Market	N/A	N/A	0.01	112
				<u>178,486,105</u>
<b>WORKING CASH FUND</b>				
PFM Investments	N/A	N/A	-0.26	8,032,131
PFM Fair Market Value Adjustment	N/A	N/A	N/A	(12,690)
PFM IIIT	N/A	N/A	0.02	25,261
				<u>8,044,702</u>
<b>SUB-TOTAL OPERATING INVESTMENTS</b>				<u><b>186,530,807</b></u>
<b>DEBT SERVICE FUNDS</b>				
<b>SERIES 2013A Bonds</b>				
Amalgamated Money Market	N/A	N/A	0.01	<u>751</u>
<b>CONSTRUCTION INVESTMENTS:</b>				
<b>SERIES 2013A Bonds</b>				
Chase High Yield Saving <b>NOTE 1</b>	N/A	N/A	0.05	(18,261,299)
Managed Portfolio - ClearArc Capital	N/A	N/A	-2.10	758,176
Money Market	N/A	N/A	0.01	5,003
Managed Portfolio Fair Value Adjustment	N/A	N/A	N/A	(4,992)
Deutsche Bank - Fidelity Mutual Fund	N/A	N/A	0.48	18,095,545
Deutsche Bank - Fidelity Mutual Fund Fair Value Adjustment	N/A	N/A	N/A	3
State Street - Federated Mutual Fund	N/A	N/A	0.28	18,053,973
State Street - Federated Mutual Fund Fair Value Adjustment	N/A	N/A	N/A	(36,269)
Northern Trust - GS Enhanced Income Mutual Fund	N/A	N/A	0.50	18,101,749
Northern Trust Fair Value Adjustment	N/A	N/A	N/A	(18,940)
				<u>36,692,949</u>
<b>OPERATIONS AND MAINTENANCE (RESTRICTED) FUND</b>				
PFM Investments	N/A	N/A	-0.26	17,653,113
PFM Fair Market Value Adjustment	N/A	N/A	N/A	(29,609)
PFM IIIT	N/A	N/A	0.02	58,940
				<u>17,682,444</u>
<b>SUB-TOTAL CONSTRUCTION INVESTMENTS</b>				<u><b>54,375,393</b></u>
<b>GRAND TOTAL ALL INVESTMENTS</b>				<u><b>\$ 240,906,951</b></u>

NOTE 1 - Represents amounts owed to operating funds for construction expenses.

\* All rates of return are annual except for the investment portfolio in the Construction Fund, the Northern Trust and PFM Operating Investments which are fiscal year-to-date.

Source: College of DuPage July 2014 Board Packet.

### **Reporting Requirements**

The College of DuPage Board of Trustees investment policy requires the Treasurer to prepare a monthly investment report to summarize activities of the investment portfolio and report portfolio performance via rate of return. Also, on at least a quarterly basis, the Treasurer is required to provide the Board of Trustees a report on overall portfolio performance and include information on the investments in the portfolio by type, issuer, interest rate, maturity, book value, income earned, current market value as of the report date, and comparison to any applicable benchmarks. The policy requires that quarterly reports be reviewed by the Board. In addition to the Board of Trustee policies, the College’s Administrative Procedures Manual (Procedure 10-55) requires that:

- Quarterly investment schedules be provided to the Board of Trustees;
- The investments be reviewed periodically by the Internal Auditor to test compliance with Board Policy and Administrative Procedure; and
- The investments be reviewed periodically by the Treasurer’s Advisory Committee to address issues of investment mix and return.

The investment policy also requires that the College’s portfolio be reviewed annually as to its effectiveness in meeting the College’s needs for safety, liquidity, return, diversification, and overall general performance.

The members of the Board of Trustees for the College received information regarding investments (investment schedules) in their monthly Board packets. Exhibit 3-1 shows the investment report provided to the Board as of June 30, 2014.

### **Compliance with Investment Policies**

The College of DuPage was not complying with its investment policies. The Board of Trustees for the College of DuPage made public an internal audit dated May 4, 2015, that reviewed the investments of the College as of September 30, 2014. The internal audit concluded that the investment portfolio had several areas of non-compliance, including exceeding the limits for specific types of investments and holding investments that do not meet dollar, maturity, or asset quality thresholds of Board policy. An August 2015 presentation given to the Board of Trustees by the College’s financial consultants found that at least \$160 million of the College’s investments of \$217 million, or over 73 percent, were out of compliance.

The Board of Trustees had authorized a resolution allowing management to invest in the Illinois Metropolitan Investment Fund (IMET) at its April 17, 2014, regular meeting. Prior to April 2014, the College did not have investments with IMET. According to the internal audit, the Treasurer began investing funds with IMET soon thereafter. The internal audit showed that the College had increased its investments in IMET, a local government investment pool, from \$10,000,853 (4 percent of the portfolio) in April 2014, to \$80,090,485 as of September 2014, which represented 29 percent of the College’s investment portfolio (see Exhibit 3-2). Board policy limits investments in a single local government investment fund to 5 percent of the portfolio.

<p>The College had increased its investments in the IMET, a local government investment pool, from \$10,000,853 in April 2014, to \$80,090,485 as of September 2014</p>
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Exhibit 3-2 <b>TRANSFERS TO THE ILLINOIS METROPOLITAN INVESTMENT FUND</b> April through September 2014				
Investments as of:	Total IMET Investments	\$ Change from Previous Month	Total Investment Portfolio	% in IMET
4/30/2014	\$10,000,853	-	\$226,500,378	4.42%
5/31/2014	\$12,015,952	\$2,015,099	\$204,891,823	5.86%
6/30/2014	\$47,819,298	\$35,803,346	\$240,906,951	19.85%
7/31/2014	\$43,151,724	(\$4,667,574)	\$235,212,362	18.35%
8/31/2014	\$40,574,828	(\$2,576,896)	\$234,715,343	17.29%
<b>9/30/2014</b>	<b>\$80,090,485</b>	<b>\$39,515,657</b>	<b>\$274,142,423</b>	<b>29.21%</b>
Source: College of DuPage Board of Trustees Board Packets.				

IMET manages two investment funds: the IMET 1-3 Year Series and the IMET Convenience Series. The College of DuPage invested in the IMET Convenience Fund which is described on the IMET website as a short-term money market instrument. The IMET Convenience Fund provides for the investment of bond proceeds, for the temporary investment of longer-term intermediate funds, and/or for cash management and liquidity purposes. According to the internal audit, the total investment in the IMET Convenience Fund, as of September 30, 2014, was approximately six times the amount allowable by policy.

In October 2014, IMET revealed defaults due to fraud on certain guaranteed loans totaling approximately \$50.4 million, which represented 2.8 percent of the net asset value of the IMET Convenience Fund. Subsequently each fund member, including the College of DuPage, had a proportionate share of the defaulted loans segregated from other funds and effectively frozen. The amount of the College's frozen funds totaled \$2,220,042. According to the internal audit conducted by the College, had the investment in the IMET fund been limited to the 5 percent stated in Board policy, the College would have invested no more than \$13,622,717 in the IMET Convenience Fund and the frozen amount would have been \$381,436. According to an IMET Activity Statement for the liquidating trust provided by the College, as of December 31, 2015, \$2,220,042 was still shown as the value of the account. However, the account value reflects the value at the time the asset was transferred to the liquidating trust, effective September 30, 2014.

The internal audit concluded that the Treasurer needed to take immediate action to bring the College's investment portfolio into compliance with Board policy including re-allocating the securities owned so the limitations of the policy are adhered to and securing the necessary documentation to preserve the rights of the College. The audit contained four specific recommendations (see Exhibit 3-3). Management of the College did not provide a response to any of the four recommendations contained in the internal audit. We followed up with the College to determine if the four recommendations in the internal audit had been implemented. According to the College, all non-compliant mutual fund investments were divested in calendar year 2015.

In August 2015, a financial consultant group hired by the College's Board of Trustees gave a presentation to the Board entitled "Investment Portfolio Issues and Possible Solution." The presentation included a host of shortcomings related to the College's non-compliance with



its investments policies. These included an investment exceeding the percentage threshold as well as investments that were unallowable. There were also problems with record keeping because records, such as the audited financial statements or custodial agreements, were not in the files for certain investments.

According to the College’s financial consultant’s presentation, at least \$160 million of the total investment pool of \$217 million was out of compliance, or over 73 percent. Approximately \$81.8 million invested in mutual funds were out of compliance because the Board’s policy requires the investments be in money markets. Funds invested in IMET (\$80 million) were not in compliance because the fund was not rated by two agencies. The consultants also reported that the investments presented in the College’s reports were categorized inconsistently with policy because some mutual fund investments were categorized as money market accounts and some money market accounts held at banks were categorized as collateralized accounts. The presentation also stated that the College wrote off \$2.1 million related to the IMET fraud that had occurred. Finally, the consultants found that the Board reports failed to show potential non-compliance or mix of investments.

Exhibit 3-3 COLLEGE OF DUPAGE INTERNAL AUDIT OF INVESTMENTS
<b>Recommendation #1:</b> The Treasurer should divest the mutual fund investments that are non-compliant with Board Policy as soon as possible and limit the remaining mutual fund investments to no more than 5% of the Operating portfolio.
<b>Recommendation #2:</b> The Treasurer should determine if the internal control structure for investments needs to be modified to include additional screening procedures for potential investments to ensure they comply with Board Policy limitations prior to being purchased.
<b>Recommendation #3:</b> The Treasurer should obtain all of the missing documentation from the financial institutions and security broker/dealers that do business with the College. The Treasurer should also set up a verification system to ensure that the required documents are obtained from any new institution prior to doing business with the College.
<b>Recommendation #4:</b> The Treasurer should begin preparing a quarterly report to the Board of Trustees detailing the required information in Board Policy 10-55.
Source: College of DuPage Internal Audit (May 2015).

Citing haphazard compliance, reporting and record keeping deficiencies, a lack of documentation, and sub-par performance, the consultant’s presentation concluded that self-management of the more than \$240 million portfolio appears to “severely stress” the College’s finance department’s capabilities. The presentation recommended that the College use one to two professional money managers to manage the College’s investment portfolio to improve compliance, reporting, and performance.

The College selected a private firm to be its investment adviser in February 2016. According to the College, the vast majority of assets will be transferred to the investment adviser. Investment reports in the June 23, 2016 Board packet showed that, as of May 31, 2016, the new investment adviser had assumed management of \$207.3 million of the total of \$230.6 million of total cash and investments or 90 percent of the College’s investments.

### Treasurer’s Advisory Committee

The College’s administrative procedures require that the College’s investments be reviewed periodically by the Treasurer’s Advisory Committee to address issues of investment

mix and return (Procedure 10-55). Our review of available meeting minutes of the Treasurer’s Advisory Committee revealed that:

- The committee did not meet between January 18, 2013, and November 7, 2014, (nearly two years); and
- There were no minutes for meetings held January 7, 2011, and September 16, 2011;

The minutes of the November 7, 2014 Treasurer’s Advisory Committee showed that the committee wanted to get back on a regular schedule for meetings. The minutes also showed that the committee discussed whether it should outsource the investment management function because there was a lack of internal resources to track changes in the composition of the fund holdings in order to ensure the College remained compliant with the investment policy.

It is unclear why the committee did not meet for nearly two years. Holding regular meetings would ensure that investments of the College, including issues of investment mix and return, would be reviewed.

<b>TREASURER’S ADVISORY COMMITTEE</b>	
<b>RECOMMENDATION</b>  <b>4</b>	<i>The College of DuPage should consider updating its Administrative Procedures Manual to require the Treasurer’s Advisory Committee to meet on a regular basis.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.  During the audit period, the Treasurer's Advisory Committee ("TAC") met very infrequently. Further, certain members of the TAC were affiliated with College vendors (and thus, arguably, were interested in the College's investment decisions). The College intends to reconstitute a TAC that will meet quarterly and consist of qualified, disinterested individuals. The College will incorporate this requirement into the Administrative Procedure Manual. We expect this will be completed by the fourth quarter of 2016.

### **Monitoring of Investments by the Board of Trustees**

Although the Board was receiving monthly investment reports for the period FY2011 through FY2014, those reports did not always show a breakout of investments by the type of investment and did not show the percentage of each type of investment allowable by policy.

- The College could not provide documentation to show that the Board was receiving quarterly investment reports as required by Board policy, including investments in the portfolio by type, issuer, interest rate, maturity, book value, income earned, current market value as of the report date, and comparison to any applicable benchmarks.
- The College could not provide documentation to show that the College was annually reviewing its investments as is required by Board policy.

Without receiving information such as a breakout of the investments by type and percentage of the portfolio, the Board could not ensure that the investments were in compliance with Board policies.

The College of DuPage Policy Manual of the Board of Trustees allows the College to hire external investment managers to manage its portfolios and allows the College to contract with a bank or broker to manage the portfolio of investments subject to the provisions of this policy. On February 25, 2016, the Board of Trustees voted 5-0 to approve a private firm as the Board’s Independent Funds Adviser Asset Manager. Investment reports in the June 23, 2016 Board packet showed that, as of May 31, 2016, the firm had assumed management of \$207.3 million of the \$230.6 million of total cash and investments or 90 percent of the College’s investments.

Without receiving information such as a breakout of the investments by type and percentage of the portfolio, the Board could not ensure that the investments were in compliance with Board policies.

The investment reports provided to the Board by the firm hired to be the investment adviser include more detailed information regarding the investments by type and the percentage of total investments.

<b>BOARD OVERSIGHT OF COLLEGE INVESTMENTS</b>	
<p><b>RECOMMENDATION</b></p> <p><b>5</b></p>	<p><i>The College of DuPage Board of Trustees should ensure that required investment reports are provided to the Board and that these reports contain the information required by policy to enable the Board to effectively monitor the College’s investments.</i></p> <p><i>The Board of Trustees should also ensure that the College’s investments are reviewed at least annually as is required by Board policy.</i></p>
<p><b>COLLEGE OF DUPAGE RESPONSE</b></p>	<p>The College agrees with this recommendation.</p> <p>Since 2015, the College has taken steps to improve the transparency and effectiveness of its investment management. On February 25, 2016 the Board approved the hiring of an investment adviser to assist the College with management of funds and compliance with its policy. BMO Global Asset Management was selected after a highly competitive and transparent process. BMO has been providing (and will continue to provide) College administrators and the Board with monthly investment reports that reflect each investment and show whether each category of investment is within Board policy limits.</p> <p>In addition to providing the monthly investment reports, BMO presented a Quarterly/Annual FY2016 report during the July 28, 2016 Board meeting (attached for reference) and will be asked to provide regular reports in the future.</p>

## BUDGET TRANSFERS

The Board of Trustees received all required information for budget transfers. However, that information was limited. The Board of Trustees for the College of DuPage has established a policy governing budget transfers. Board Policy 10-45 states that all transfers have to be fully documented, and that the Board of Trustees has to approve all contingency transfers and those transfers must be approved quarterly. Other than transfers of funds for construction purposes, which are approved at project initialization, no other transfers have to be approved by the Board of Trustees. Exhibit 3-4 contains the approval requirements for budget transfers contained in Board Policy 10-45.

Exhibit 3-4 BUDGET TRANSFERS APPROVAL POLICY		
Category	Approval Required	Approval Date
<b>Taxing Funds<sup>1</sup></b>		
Contingency	Board of Trustees	Quarterly
Amounts of \$10,000 and over	President	Quarterly
All Other	Controller	As received from cabinet officer
<b>Operations &amp; Maintenance (Restricted) Fund (Construction Fund)</b>	Board of Trustees (Budgets recorded are estimates only until project is approved by the Board.)	Project initialization
<b>Agency Funds<sup>2</sup></b>	None	Allowed to expend only funds that are available
<b>All Other Funds</b>	Controller	As received from cabinet officer
Notes: <sup>1</sup> Only intra-fund budget transfers are permitted within the Taxing Funds (Education Fund, Operations and Maintenance Fund, Audit Fund Liability, and Protection and Settlement Fund). <sup>2</sup> According to the College, Agency Funds are used to track non-college funds that are posted on the College's General Ledger as liability accounts, such as scholarships, student clubs, and pass through accounts. Source: College of DuPage Board Policy 10-45.		

During Fiscal Years 2011 through 2014 the Board received quarterly budget transfer reports, but there were no contingency transfers during the time period. The Board does not receive any other information on budget transfers.

The Illinois Public Community College Act contains provisions allowing for budget transfers and amendments. The Act allows the board of trustees for a community college to make budget transfers between the various items in any fund not exceeding in the aggregate 10 percent of the total of such fund as set forth in the budget. The Act also allows the board to approve budget amendments, as long as the board follows the same approval procedures used for approving the budget (110 ILCS 805/3-20.1).

The board may also, by resolution, authorize the Treasurer to make a transfer from the working cash fund to the educational fund, or to the operations and maintenance fund (110 ILCS 805/3-33.6). The Act also authorizes the Treasurer to make interfund loans (from one fund to

another fund), but each loan and transfer must be repaid and retransferred to the proper fund within one year (110 ILCS 805/3-34).

Further, the College of DuPage has established an administrative policy on budget transfers. Administrative Policy 10-45 allows an authorized signer for a budget area to initiate and complete a transfer request when needed. Although not required by policy or procedures, transfer requests are typically initiated by completing a Request for Budget Transfer sheet. The Request for Budget Transfer sheet contains a space for documenting the requested budget change amount, the reason for the budget transfer request, and contains a box for the signatures of the transfer initiator, the person who approved the transfer, the member of the senior management team, the budget manager, the person who entered the transfer, and the adjustment number.

The request for a budget transfer is to be sent to the Cabinet member of the budget area for approval. The Cabinet member will also note the date of the Cabinet meeting that the budget transfer request was approved. Approved budget transfers are then forwarded to the Controller of the College. Neither the Board policies nor the College’s administrative procedures define who or what positions are considered “Cabinet Members.”

College officials provided a download of all budget transfers made for the period FY2011 through FY2014. According to information provided by College officials, during the four-year period there were 3,562 budget transfers involving 34,842 individual transactions for a total of more than \$460 million. Our review of these budget transfers found that some transactions that were listed as transfers were not budget transfers in a traditional sense but were changes in the accounting system. For example, seven transfers were for \$0 and some transfers included changes for typos or corrections to entries. Some transfers were for small dollar amounts. For example, 1,158 transfers were for less than \$1,000 including the 7 transfers for \$0 (32.5% of the total number of budget transfers). These included:

- A \$12 transfer from “overnight/ground shipping” into “copy center/signage”;
- A \$3 transfer from “Other Conf & Meeting Exp” into “FT Allocated Employee Benefits.”

### **Budget Transfer Testing**

We reviewed a judgmental sample of 20 budget transfers, including the 10 largest transfers, from FY2011 to FY2014 to determine the process used for approval of budget transfers and whether it complied with the College’s policies and the Act. Five of the 10 largest transfers were during FY2011. The College implemented a new accounting system during FY2011 which may have led to problems in locating information for transfers for that year. We found:

- No documentation of need for 10 of 20 transfers sampled or 50 percent (8 of the 10 exceptions were from FY2011); and
- A lack of proper written approval for 10 of 20 transfers sampled or 50 percent (6 of the 10 exceptions were from FY2011).

We identified only 1 transfer (which was a budget amendment) out of 3,562 transfers that, by statute, required Board approval during the four-year period. Although the Board of Trustees approved the transfer (budget amendment), the administration and Board of Trustees did not approve the transfer in a timely manner. We verified with the Budget Director for the College that this transfer required Board approval. The transactions for this transfer occurred on a monthly basis during FY2013 (beginning in July 2012) and were for the purpose of paying salaries and benefits totaling \$130,076. To cover these costs, funds were transferred from the Auxiliary Fund to the Education Fund. Although these transfers began on July 1, 2012, the transfers were not approved by the College’s administration until September 5, 2012. After the Controller, Treasurer, and President approved the budget amendment, it was presented to the Board for approval. The Board approved the transfer on a vote of 7-0 on September 20, 2012.

We identified only 1 transfer out of 3,562 transfers that, by statute, required Board approval during the four-year period. The transactions for this transfer occurred on a monthly basis during FY2013 (beginning in July 2012) and were for the purpose of paying salaries and benefits totaling \$130,076.

We identified two instances, in which a loan/transfer occurred but had not been paid back to the original fund within one year, as required by the Act (110 ILCS 805/3-34). Both of these were during FY2011. One transfer on January 14, 2011, for \$576,727, was for overtime payments to staff and miscellaneous financial expenses, according to documentation provided by College officials. The other transfer on August 5, 2010, for \$70,928, was for custodial equipment and grounds keeping equipment. These two transfers also did not follow Board policy because the policies only allow intra-fund transfers for taxing funds. Both transfers in part involved transfers between the Education Fund and the Operations and Maintenance Fund.

A College official stated that possible reasons that no documentation could be found was because both transfers occurred in FY2011, which was the same year that the College began implementing a new accounting system. There was also a different budget manager at the time. The Budget Manager as of December 2015, when we requested budget transfer documentation, was promoted to the position in October 2011 (FY2012).

For 5 of 20 budget transfers reviewed, the College could not provide evidence to support that the President was approving amounts over \$10,000 for taxing funds (Education Fund, Operations and Maintenance Fund, Audit Fund Liability, and Protection and Settlement Fund) on a quarterly basis, as required by Policy 10-45. According to budget transfer information provided by the College, for the four-year period FY2011-FY2014, there were a total of 980 budget transfers over \$10,000 from all funds. There were 322 transfers of over \$100,000, including 125 transfers of over \$500,000. The Board of Trustees was not required by policy or law to approve these transfers, with the exception of one, as discussed above.

The Board does not receive information as part of its regular monthly meetings that lists budget transfers. Without regular reporting, the Board does not have an opportunity to ask questions regarding budget transfers and cannot ensure that inappropriate transfers are not occurring. The Board should also consider taking a more active role in the budget transfer approval process by revising its policies to limit the President’s or Controller’s authority to approve large transfers.

<b>BUDGET TRANSFERS</b>	
<p><b>RECOMMENDATION</b></p> <p style="font-size: 2em; font-weight: bold;">6</p>	<p><i>The College of DuPage should ensure that budget transfer files:</i></p> <ul style="list-style-type: none"> <li>• <i>Clearly document the need for the transfer; and</i></li> <li>• <i>Include proper and timely approval by officials.</i></li> </ul> <p><i>The College of DuPage Board of Trustees should also consider:</i></p> <ul style="list-style-type: none"> <li>• <i>Receiving regular, more detailed reports of budget transfers;</i></li> <li>• <i>Changing its policies to limit the President’s and/or Controller’s authority to approve budget transfers; and</i></li> <li>• <i>Defining “Cabinet Officer” in the Board policies.</i></li> </ul>
<p><b>COLLEGE OF DUPAGE RESPONSE</b></p>	<p>The College agrees with this recommendation.</p> <p>Since the time period that was audited (FY 2011-2014), the College has taken, and will continue to take, steps to tighten controls and increase transparency with respect to budget transfers. Since the summer of 2015, the President has signed all budget transfers of \$10,000 and over.</p> <p>During the fourth quarter of 2016, the Board will consider revised policies that: (1) require disclosure to the Board (if not pre-approval by the Board) of all budget transfers; (2) define the term "cabinet officer" (or otherwise modify the term to more accurately identify the individuals who possess and are accountable for such authority); (3) formalize the existing practice of the President approving transfers over \$10,000; and (4) require written documentation detailing the reason for the transfer(s). The Budget Manager will ensure that all budget transfers are clearly documented and are not effected without proper approval. The College will also amend its existing Administrative Policies to ensure that contingency transfers cannot be effected without prior Board approval.</p>

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## PROCUREMENTS AND CONTRACTS

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House Resolution No. 55 asked us to determine if the Board is meeting its fiduciary responsibilities in overseeing procurements and contracts. College officials could not provide auditors with a list of contracts for the period FY2011-FY2014. Board policies do not define the types of services that are considered Professional services and whether bidding is required for these services. It is also unclear how potential bidders are identified given that the College does not maintain a list of prequalified bidders.

### Illinois Public Community College Act

The Illinois Public Community College Act requires that a community college board award all contracts for purchase of supplies, materials, or work involving expenditures in excess of \$25,000, or a lower amount as required by board policy, to the lowest responsible bidder. The Act lists many exceptions to this process such as:

- “contracts for the services of individuals possessing a high degree of professional skill...;”
- “contracts for the printing of finance committee reports and departmental reports;”
- “purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and inter-connect equipment, software, and services;”
- “where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the members of the board;”
- “contracts for goods or services which are economically procurable from only one source...;” and
- “purchases of equipment previously owned by some entity other than the district itself.” (110 ILCS 805/3-27.1)

### **Policies and Procedures**

The College of DuPage has established policies and procedures in its Board’s Policy Manual and the College’s Administrative Procedures Manual for purchasing (Policy/Procedure 10-60). The Board’s policies do not specifically require Board approval for contracts under \$25,000 or under \$50,000 for construction.

Although the Board policies are general and simply require the College to operate in accordance with the bid limits established by Illinois law for all contracts, the College’s Administrative Procedures Manual requires:

- Purchases up to \$4,999 be solicited at the discretion of the Purchasing Department;
- Purchases ranging from \$5,000 - \$14,999 to have a minimum of three verbal quotes solicited by the Purchasing Department before processing a requisition;
- Purchases ranging from \$15,000 - \$24,999 to have a minimum of three written quotes before processing a requisition;
- Purchases greater than \$24,999 are subject to formal bidding procedures; and
- Construction contracts \$50,000 or more must have Board approval (Procedure 10-90).

The Board Policies and Administrative Procedure 10-60 also establish a centralized purchasing function at the College.

### **Purchasing Process**

The Purchasing Department, which is located within the Department of Business Affairs, is primarily responsible for ensuring compliance with policies and procedures, and assisting College staff in the procurement of goods and services. According to College officials, purchasing proposals are initially prepared in the area of the College that makes the request and given to Purchasing for review and bidding. For example, if the Biology Department needed technical equipment, they would put the proposal together and forward it to Purchasing. For construction contracts, the Facilities Planning and Development staff prepares the contract and then Purchasing assists in sending out the requests.

Purchasing uses the bid specifications and other information from the requestor to create the bid package. For competitive bids, Purchasing tabulates the bids and identifies the lowest responsive and responsible bidder. A summary is then provided to the initiating department/division for review and confirmation. The analysis and selection of requests for



proposals is completed by the department or division that initiated the proposal. According to Purchasing officials, construction contracts are accounted for separately, and all other purchases are accounted for by department or accounting code.

Most of the information for purchases is maintained electronically in the College’s purchasing system. College employees use the purchasing system to place an order via requisition. If Purchasing is satisfied that the requisition is properly approved and is accompanied by the appropriate supporting documentation, the requisition is processed and a purchase order is created in the accounting system.

Contracts and the related documentation are not kept in a central location at the College but are instead maintained in the area in which the contract originated. **Because there is no central repository for contracts, the College could not provide auditors with a complete list of contracts that had been entered into by the College for the period FY2011-FY2014.** According to the College’s legal counsel, not having a central repository for contracts may have occurred because there was no internal general counsel where contracts are reviewed and aggregated. Having a single organizational entity responsible for the entire contracting process can increase management controls over contract records.

<b>CENTRAL REPOSITORY FOR CONTRACTS</b>	
<b>RECOMMENDATION</b>  <b>7</b>	<i>The College of DuPage should establish a central repository for all contracts entered into by the College.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	<p>The College agrees with this recommendation.</p> <p>Since the time period that was audited (FY 2011-2014), the College has taken steps to improve controls in this area. In March 2016, the Board approved the creation of an Office of General Counsel ("OGC"). The Board is currently interviewing candidates for the position of General Counsel. It is anticipated that OGC will serve as the repository for all contracts. It is also anticipated that OGC will provide legal review to ensure that all contracts are consistent with the College's policies, and that all contracts are properly executed and accompanied by supporting materials.</p> <p>The creation of OGC will augment the College's previous attempts to address this issue. A central repository for certain categories of College contracts was developed in August 2013, using the ImageNow technology. At that time, individuals responsible for initiating contracts within those categories were required to provide a copy to the Purchasing Department, who would then manually scan a .pdf version of the contract into the database. In May 2014, a direct e-mail address was established, linking the e-mailed contracts described above directly into the ImageNow database. In August 2015, a Purchasing Department Operating Procedure was established, wherein a copy of the fully executed contract, along with supporting documentation, was required as an attachment to the associated requisitions. In addition, to ensure contracts were appropriately maintained, the Operating</p>
<b>(Continued on next page)</b>	

<p><b>COLLEGE OF DUPAGE RESPONSE (continued)</b></p>	<p>Procedure required the Vice President of Administration and Treasurer to scan the signed contract into the contract database for retention.</p> <p>Effective February 29, 2016, an Official Communication was distributed regarding a newly created Contract Approval Cover Sheet. Instructions for use of the cover sheet advised the initiator to submit all contracts, along with a completed cover sheet and other required documents as noted in the instructions, to the contract database in ImageNow.</p>
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### Purchasing Personnel

There are five positions within the Purchasing Department: a Purchasing Manager, Purchasing Assistant, an Expediter, and two Buyers. As of September 2015, according to the Director of Business Affairs, there was only one Buyer, and there was no Manager of the Purchasing Department. The Director of Business Affairs had been acting as the Purchasing Manager. According to College officials, there has been high turnover in the purchasing area, including three different Purchasing Managers in the last three years. The Director of Business Affairs estimated that 70 percent of her time was spent working on purchasing activities, when it should ideally be closer to 25 percent of the time.

Because of the lack of trained personnel and the turnover in the Purchasing Department, there is an increased risk of contracts and procurements being approved that may not be in compliance with the Illinois Public Community College Act and College policies. Additionally, because the Director of Business Affairs is also functioning as the Purchasing Manager for the Purchasing Department, there is a risk that other departments within Business Affairs may not be receiving adequate oversight to ensure that they are in compliance with statutory and College policy requirements.

According to College officials, there has been high turnover in the purchasing area, including three different Purchasing Managers in the last three years.

### Identifying Potential Bidders

According to College officials, the originating department or division for the proposal provides the Purchasing Department with a list of potential bidders. The Purchasing Department may also add potential bidders after conducting an internet search. The Purchasing Department also places a legal advertisement regarding the procurement and posts it on the College’s website. However, **there is no list of prequalified or preferred vendors by type of work or size that could be used to identify potential bidders.** Establishing a system of prequalification would eliminate bidders who are not responsible before starting the bidding process. A prequalification system would also make the bidding process more efficient. Prequalification of potential bidders is discussed further in Chapter Five of this report which addresses construction issues.

### Professional Services

Under the Public Community College Act, if a procurement is for a contract for the services of individuals possessing a high degree of professional skill, it is exempt from bidding (110 ILCS 805/3-27.1). However, there is no guidance in the College’s policies or

administrative procedures regarding which items or types of services are considered professional services and, therefore, do not need to be bid.

According to College officials, it is up to the requestor to document whether the procurement is for a professional service, and to provide the justification when requesting this type of procurement. The College provided auditors with a list of professional services categories used by the College’s Purchasing Department. According to College officials at the exit conference, this list was developed in April 2015. **Although the College’s Purchasing Department maintains an informal list of these professional services categories, we could not find evidence that the Board of Trustees had approved the list.** Administrative Procedure 10-60 states that professional service contracts shall be selected through a competitive proposal process unless the service is a sole source purchase that is appropriately documented. This topic is discussed further in Chapter Five regarding construction contracts.

### **Consortium Purchases**

Consortium purchasing allows institutions to aggregate their buying power to create additional leverage for improved pricing on goods and services, while maximizing the productivity of purchasing staff within each institution. The College is a member of several consortiums and can purchase some items through master contracts, such as through the Department of Central Management Services (State of Illinois). Consortiums are used to purchase items, such as office supplies, furniture, or ammunition. Purchasing reviews the list of available items through a consortium contract when a request is received. If the item is available through a consortium, Purchasing will make a suggestion to the requestor to use the consortium for the item. The turnaround time for purchases can also be a factor in whether a consortium is used because items purchased through a consortium can generally be obtained quicker than by bidding.

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## **EXPENDITURE AND PROCUREMENT TESTING**

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We reviewed a sample of 40 procurements over \$25,000 from 40 different vendors for compliance with the Illinois Public Community College Act, Board policies, and administrative procedures. Board Policy 10-60, Purchasing, was adopted on March 19, 2009, while the administrative procedures (10-60) for purchasing were last amended on March 1, 2010. In FY2011 (July 1, 2010), the College implemented a new accounting and purchasing system in which many of the manual forms and approvals are now conducted electronically, including requisitions and purchase orders. However, the policies and procedures of the College do not always reflect the process and management controls in place to ensure proper approval of purchases.

### Purchasing Requisitions

College of DuPage Administrative Procedure 10-60 states that the Purchasing Department will not institute any action until it has received a valid requisition. The procedures also require that requisitions will be prepared on pre-numbered forms stocked in the Purchasing Department and available to all departments. Separate requisitions will be used for each vendor with attached listing, if necessary. The Purchasing Department may authorize departments to issue electronic requisitions in accordance with Purchasing Department and Finance Office procedures. Requisitions for bid items must be in the Purchasing Department with full specifications and rationale by the posted deadlines, prior to the upcoming Board Meeting, in order to be placed on the agenda for the Board Meeting. **The requisition is the initiating step in the procurement process and ensures that all the proper approvals have been received before the purchasing process is started.** During our review we found:

- For 4 of the 40 procurements sampled, the College could not provide a requisition. For three procurements a requisition was not required, according to officials. For one purchase a requisition could not be provided.
- For the 36 requisitions provided there was no evidence of approval from the Vice President of Administrative Affairs per Administrative Procedure 10-60. All requisitions for goods and/or services secured under a formal contractual basis must be approved by the Vice President of Administrative Affairs.
- For 5 of 36 procurements (14%) that had a requisition, **the requisition was created after an invoice for payment had been received.** For these procurements, goods and services were received prior to a requisition being created. **This gives the appearance that a requisition is only being created in order to process the payment.** For example, one procurement sampled was for customer service training. The services were provided between September 2012 and January 2013. The Board did not approve the purchase until the November 15, 2012 meeting, and a proposal from the vendor was not received until January 4, 2013, **approximately 4 months after services were initiated.** An invoice for these services was received on January 16, 2013. In an email dated January 31, 2013, College of DuPage officials stated that they could not process the payment without an executed contract as authorized by the Board, a requisition, and a purchase order. On February 12, 2013, a requisition was created, **approximately 5 months after services were initiated.** A contract was signed on March 7, 2013, by the College of DuPage, and on **March 8, 2013**, by the vendor. The **invoice** from January 16, 2013, was also entered into the financial system on **March 8, 2013**, the final approval of the purchase

<b>Procurement Timeline Example</b>
• September 2012 - January 2013 – Vendor provided services to the College.
• November 15, 2012 – Board of Trustees approved purchase.
• January 4, 2013 – Proposal received from vendor.
• January 16, 2013 – Invoice received for services provided.
• February 12, 2013 – Requisition created.
• March 7, 2013 – Contract/ Agreement signed by the College with the vendor for services provided.
• March 8, 2013 – Contract signed by vendor, purchase order approved, and a check was issued.

order from the purchasing department was on **March 8, 2013**, and a **check** was also issued to the vendor on **March 8, 2013, the same day the contract was signed, and approximately 6 months after services were initiated and two months after services were completed.**

### Bids

The Public Community College Act and the College of DuPage Administrative Procedures require that all non-exempt purchases over \$25,000 which are not construction related are subject to formal bidding procedures. We determined that 1 of the 40 procurements we selected for review, which was over \$25,000, was not applicable because it was actually part of another agreement. Of the remaining 39 procurements reviewed, the purchase was not competitively bid in 22 of 39 (56%):

- Five of these procurements were for international student travel and were not subject to the competitive procurement process because, according to officials, the expense was for participant-funded travel. However, there was no evidence that the college solicited more than one travel agency in order to ensure the best fare for the students. The College’s administrative procedures state “...*If the trip is outside the continental U.S., additional proposals from other travel agencies may be solicited and reviewed by the Finance Office.*” (Procedure 20-105) (Emphasis added)
- For 16 of the remaining 17 procurements that were not competitively bid, documentation showed that bidding was not required per the Public Community College Act. Although 4 of the 16 were exempt from formal bidding procedures, they were still subject to the competitive proposal process per administrative procedures (Procedure 10-60). Only 1 of 17 did not have an explanation of why it was exempt from being competitively procured.

### Bid Openings

The Public Community College Act requires that all competitive bids for contracts involving an expenditure in excess of \$25,000, or a lower amount as required by board policy, must be sealed by the bidder and must be opened by a member or employee of the board at a public bid opening at which the contents of the bids must be announced. In our review of the 17 procurements that were competitively bid:

- For 12 of 17 (71%) procurements that were bid, we could not determine if the bids were opened by a member or employee of the Board as required by law.
  - For 8 procurements we could not determine who opened the bid because there was **no documentation of the bid opening.**
  - For the remaining 4 procurements, College officials provided the names of the individuals that conducted the bid openings. However, no supporting documentation was provided.
- For 6 of 17 (35%) procurements that were competitively procured, we could not determine if the bids were opened publicly. For 3 of these 6, officials stated that there

Bids for contracts involving an expenditure in excess of \$25,000, or a lower amount as required by board policy, must be opened by a member or employee of the board at a public bid opening.

would not be a public opening of the bids per the RFP. College officials could only provide supporting documentation for two of the procurements which showed that the bid would not be opened publicly.

- For 5 of 17 (29%) procurements there was no legal notice (advertisement) provided. Therefore, we could not determine the bid due date, and if the bid was advertised at least ten days before bids were due as is required by law (110 ILCS 805/3-27.1).
- Four of the 17 (24%) procurements reviewed that were competitively procured were not awarded to the lowest or most qualified bidder. There was no explanation of why the award was not to the lowest bidder for one of these (6%).

**Board Approval of Purchases**

Board of Trustee Policy 10-60 requires that contracts for supplies, materials, or work exceeding the statutory bid limit (\$25,000 and \$50,000 for construction) shall be submitted for approval by the Board of Trustees. For 2 of the 32 (6%) procurements reviewed that required Board approval, the College could not provide documentation of Board approval of the contract or expenditure.

**Contracts and Purchasing Agreements**

The College could not provide a signed written contract or agreement for 19 of the 40 procurements we tested. According to College officials, 10 of the 40 (25%) procurements we tested did not require a contract or agreement. For the remaining 9 of 30 procurements (30%), the College could not provide a signed contract or written agreement.

<b>PROCUREMENTS AND CONTRACTS</b>	
<p><b>RECOMMENDATION</b></p> <p><b>8</b></p>	<p><i>The College of DuPage should:</i></p> <ul style="list-style-type: none"> <li>• <i>Update policies and procedures to reflect the process, including any electronic approvals, and ensure that policies and procedures are being followed;</i></li> <li>• <i>Document the bidding process, including the bid opening or why procurements are not required to be bid; and</i></li> <li>• <i>Maintain a signed copy of the contract or agreement in the procurement file.</i></li> </ul> <p><i>The College of DuPage Board of Trustees should ensure that:</i></p> <ul style="list-style-type: none"> <li>• <i>Bids are opened publicly by a board member or board employee as is required by the Illinois Public Community College Act; and</i></li> <li>• <i>The Board approves all procurements over \$25,000 or \$50,000 for construction as is required by Board policy.</i></li> </ul>

<p><b>COLLEGE OF DUPAGE RESPONSE</b></p>	<p>The College agrees with this recommendation.</p> <p>Since 2015, the College has taken (and will continue to take) steps to improve controls in this area. In November 2015, the College presented a revised Administrative Procedure 10-60 (which addresses purchasing) for review. Additional revisions were suggested and a re-revised Procedure 10-60 was submitted to Cabinet for review on August 22, 2016.</p> <p>On August 22, 2016, a revised Administrative Procedure 10-95 (which addresses auxiliary fund professional service contracts) was also submitted to Cabinet for review.</p> <p>On February 19, 2015, the Purchasing Department implemented a new operating procedure entitled "Competitive Bid Process: Non-Construction." The new operating procedure outlines the process for conducting bid openings, including public reading and recording of bids.</p> <p>Prior to March 2016, only bids were publicly opened. As of March 22, 2016, however, the College has required that all RFPs and RFQs be publicly opened, at which time the Respondent names are announced.</p> <p>In July 2016, a Bid/RFP Process End User Guide was created, and is now posted on the Purchasing Team Site on the Employee Portal. This guide describes the public opening process for Bids/RFPs/RFQs.</p> <p>Procurement files by project are maintained on the shared U drive, accessible by all Purchasing staff. Each electronic file contains all project documentation. Effective July 1, 2016, the file also contains a copy of the signed contract received from the initiator.</p> <p>The College will not process a requisition submitted for a total value of \$25,000 or greater without a competitive bid/RFP/RFQ process, unless there is a specific exemption as indicated in the Illinois Public Community College Act Section 3-27.1 or another applicable law/regulation as required by College Policy and Administrative Procedure 10-60.</p> <p>In the fourth quarter of 2016, the Board will consider policy changes to specify with more particularity the College employee(s) (either by name or by title) that are authorized to open bids, and to tighten compliance with existing policies regarding Board approval of procurements exceeding \$25,000 (and \$50,000 for construction).</p>
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**Accounts Payable Reports**

There is no guidance in policy or administrative procedures as to what types of checks are exempt from being reported to the Board. Board Policy 10-65 states that checks for items not previously approved by the Board shall require individual approval by the Board of Trustees for amounts of \$15,000 and over. The Board of Trustees received monthly accounts payable reports listing checks over \$15,000 and these reports were approved by the Board as part of the consent agenda.

According to the College of DuPage’s financial system, between FY2011 and FY2014 there were over 3,200 checks greater than \$15,000. Of those checks, from our analysis approximately 250 were not listed on the monthly accounts payable reports provided to the Board of Trustees for approval. Some of these were routine operating expenses (i.e., utilities). However, others were for expenditures such as equipment rental, consultants, architectural services, or legal expenses, including one check for over \$97,000. According to College officials, after the implementation of the new financial system in July 2010, multiple invoices could be aggregated into a single check and checks reported to the Board were based on if the invoice amount was over \$15,000, not the check amount. Also, College officials responded that certain types of payments, including utilities, did not require Board approval.

<b>ACCOUNTS PAYABLE REPORTS</b>	
<b>RECOMMENDATION</b>  <b>9</b>	<i>The College of DuPage Board of Trustees should update Board policy and administrative procedures to clarify what checks are required to be reported to the Board monthly.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	<p>The College agrees with this recommendation.</p> <p>Since the time period that was audited (FY 2011-2014), the Board has taken steps to improve oversight in this area. Beginning in May 2015, the Board has received monthly reports listing all accounts payable check disbursements (with the exception of checks issued to students which are covered under the Family Educational Rights and Privacy Act (FERPA)). No legal invoices, regardless of amount, are paid without Board approval. In addition to the check registers all vendor invoices through July 2013 can be found on the College of DuPage website. These invoices are referenced on the check register reports and also updated on a monthly basis.</p> <p>A segment of the check register report has been included for reference.</p> <p>During the fourth quarter of 2016, the Board will consider amending its existing policies to codify this current practice.</p>



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## Chapter Four

# GENERAL OBLIGATION BONDS

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## CHAPTER CONCLUSIONS

In 2003, the College of DuPage began a major construction initiative. In November 2002, voters in the district approved a referendum to issue \$183 million in bonds for construction at the College. In November 2010, voters approved another referendum to issue \$168 million in additional bonds to continue construction for the College. Between 2007 and 2013, the College of DuPage issued a total of \$366.46 million in bonds. Of the \$366.46 million, \$321.84 million (88%) were issued for construction or renovation of college facilities and grounds, including alternate bonds (for construction) issued in 2009. The remaining \$44.62 million in bonds were issued for refunding other bonds that had been issued previously.

The College could not provide documentation of a Request for Proposal (RFP) being issued for the financial advisory services for the 2013 bond issuance. We also could not find approval of an RFP or a contract for services in the Board minutes for financial advisory services for the 2013 bond issuance that might have explained why the services were not competitively procured.

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## OVERVIEW OF CAPITAL PROJECTS AND CONSTRUCTION

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In 2003, the College of DuPage began a major construction initiative. In November 2002, voters in the district approved a referendum to issue \$183 million in bonds for construction. In November 2010, voters approved another referendum to issue \$168 million in additional bonds to continue construction at the College. Although the primary source of funding for construction is bond proceeds from voter approved referendums, other sources of funding include income from the investment of bond proceeds, student construction fees (\$9 per credit hour for FY2014), grants from the State, and operating fund transfers.

For the period 2004 through 2014, the College of DuPage added nearly 620,000 square feet of building space to the campus bringing total square footage to over 2 million. As can be seen in Exhibit 4-1, the bulk of the increase in

Exhibit 4-1 COLLEGE OF DUPAGE TOTAL GROSS SQUARE FOOTAGE Fiscal Years 2004-2014		
Year (as of June 30 <sup>th</sup> )	Total Gross Square Footage	Change in Square Footage from Prior Year
2004	1,393,502	N/A
2005	1,407,821	14,319
2006	1,408,117	296
2007	1,413,500	5,383
2008	1,429,086	15,586
2009	1,618,296	189,210
2010	1,833,799	215,503
2011	1,807,778	-26,021
2012	2,018,105	210,327
2013	2,012,722	-5,383
2014 <sup>1</sup>	2,012,722	0
<b>Total Change</b>		<b>619,220</b>

Notes:  
<sup>1</sup> The College of DuPage did not submit data for June 30, 2014; therefore 2013 data was used.

Source: Illinois Community College Board.

square footage came in 2009, 2010, and 2012 from the addition of new buildings and renovations and additions to existing buildings. New buildings constructed during this time included the:

- Health & Science Center (HSC)
- Technical Education Center (TEC)
- Homeland Security Education Center (HEC)
- Homeland Security Training Center (HTC)
- Culinary Arts and Hospitality Center (CHC)

According to the College’s 2014 budget, when all the projects that are to be funded by the 2010 bond referendum are completed, every building on campus will have been newly constructed or renovated since 2009. Construction at the College of DuPage also included: new parking areas, the relocation of the softball and practice football fields, the completion of three new soccer fields, and the completion of off-site campus centers in other areas of the district. As a reference, Exhibit 4-2 shows the College of DuPage campus map as of August 2015.

Exhibit 4-2  
**COLLEGE OF DUPAGE CAMPUS MAP**  
 As of August 2015



**College of DuPage**  
 425 Fawell Boulevard  
 Glen Ellyn, Illinois  
 60137-6599  
 (630) 942-2800  
 www.cod.edu

**Buildings**

BIC	Rodney K. Berg Instructional Center	HTC	Homeland Security Training Center
CHC	Culinary & Hospitality Center	MAC	Harold D. McAninch Arts Center
EC	Early Childhood Center	PEC	Physical Education and Community Recreation Center
GH	Greenhouse	SCC	Seaton Computing Center
HEC	Homeland Security Education Center	SRC	Student Resource Center
HSC	Health and Science Center	SSC	Student Services Center
		TEC	Technical Education Center

**Parking**

- Accessible
- Bus Stop
- Employee
- Guest/30-Minute
- Motorcycle
- Shipping and Receiving
- Electric Car Charging Station

Source: College of DuPage Facilities Planning and Development .

**BONDS ISSUED BY THE COLLEGE OF DUPAGE**

House Resolution No. 55 asked us to determine the amount, purpose, and uses of the general obligation bonds issued by the College in 2007, 2009, 2011, and 2013. The Public Community College Act (110 ILCS 805/3A-1) allows community college districts to sell bonds if approved by a majority of the voters.

The College issued a total of \$366.46 million in general obligation bonds during the periods specified in the audit resolution. These included bonds approved by district voters for construction and renovation of college facilities, bonds issued to refund earlier bonds issued, and alternate bonds that were issued for both refunding and for construction. Exhibit 4-3 explains the different types of bonds.

In November 2002, voters in the district approved a referendum to issue \$183 million in bonds for construction for the College. House Resolution No. 55 did not include a review of the bonds issued in 2003 as part of the audit’s determinations; therefore, the bonds issued in 2003 were not reviewed as part of this audit.

However, the \$78.8 million in bonds issued in 2007, under the remaining authority from the November 2002 referendum, are included as part of our review in this audit. In November 2010, voters approved another referendum to issue \$168 million in additional bonds to continue construction for the College. The College issued half of these bonds (\$84 million) in 2011 and the other half (\$84 million) in 2013 pursuant to this authority. Exhibit 4-4 shows each bond issuance for 2007 through 2013.

<p>Exhibit 4-3  <b>WORKING DEFINITIONS FOR                  GENERAL OBLIGATION BONDS, GENERAL                  OBLIGATION REFUNDING BONDS, REVENUE                  BONDS, AND ALTERNATE BONDS</b></p>
<ul style="list-style-type: none"> <li>• <b>General Obligation Bonds</b> - debt issued by the full faith and credit of a governmental entity that is backed by its ability to tax. The bonds are typically paid for with property taxes within the issuing entity’s taxing district, and the voters within the district must approve a referendum to issue the bonds.</li> <li>• <b>General Obligation Refunding Bonds</b> - essentially, refinancing an earlier bond issuance at a lower interest rate, resulting in savings to the issuer.</li> <li>• <b>Revenue Bonds</b> - typically issued to construct projects that are able to repay the bond indebtedness through revenues collected from usage of the project, such as toll roads or a parking garage.</li> <li>• <b>Alternate Bonds</b> – essentially, alternative bonds are revenue bonds that are payable from a primary revenue source, such as sales tax, state aid, or enterprise revenues. In the event that the primary revenue source is insufficient to pay the bonds, a full faith and credit tax levy is available to provide payment.</li> </ul>
<p>Source: OAG summary of bond definitions.</p>

Exhibit 4-4 <b>SUMMARY OF COLLEGE OF DUPAGE GENERAL OBLIGATION BONDS ISSUED</b> Calendar Years 2007-2013			
Bond Series	Principal Amount	Issuer & Registrar	Purpose
2007	\$78,840,000	Cede & Co. The Depository Trust Company, New York, New York. Bond Registrar: Cole Taylor Bank, Chicago, IL	Building and equipping new and renovating existing facilities to house high-tech job training and other educational programs, including building and equipping a Health and Natural Sciences Building, building and equipping an Instructional and Student Services Building, building and equipping a Community Education Building, and building and equipping an addition to, altering, repairing, renovating and equipping the Berg Instructional Center and other facilities on the Glen Ellyn campus; making additions to, altering and repairing roads, athletic fields, retention ponds and grounds on the Glen Ellyn campus; demolishing temporary buildings on the Glen Ellyn west campus; and making infrastructure and utility upgrades and improving various school sites. <ul style="list-style-type: none"> <li>• The balance outstanding as of June 30, 2014, was \$66,030,000.</li> </ul>
2009A	\$12,550,000 (Alternate)	Cede & Co. The Depository Trust Company, New York, New York. Bond Registrar: Cole Taylor Bank, Chicago, IL	To finance the costs of certain capital projects within the district, including additions and renovations to the existing buildings and equipping of the same (the "Project") and pay certain costs of issuance of the bonds. <ul style="list-style-type: none"> <li>• These bonds have been repaid.</li> </ul>
2009B	\$62,450,000 (Alternate)	Cede & Co. The Depository Trust Company, New York, New York. Bond Registrar: Cole Taylor Bank, Chicago, IL	To finance the costs of certain capital projects within the district, including additions and renovations to the existing buildings and equipping of the same (the "Project") and pay certain costs of issuance of the bonds. <ul style="list-style-type: none"> <li>• The balance outstanding as of June 30, 2014, was the full amount of \$62,450,000.</li> </ul>
2009C	\$23,720,000 (Refunding)	Cede & Co. The Depository Trust Company, New York, New York. Bond Registrar: Cole Taylor Bank, Chicago, IL	To (i) advance a portion of the district's outstanding General Obligation Bonds Series 2003A dated February 1, 2003 and (ii) pay certain costs of issuance of the bonds. <ul style="list-style-type: none"> <li>• These bonds have been repaid.</li> </ul>

Exhibit 4-4 (Continued)			
<b>SUMMARY OF COLLEGE OF DUPAGE GENERAL OBLIGATION BONDS ISSUED</b>			
Calendar Years 2007-2013			
Bond Series	Principal Amount	Issuer & Registrar	Purpose
2011A	\$95,440,000	Cede & Co. The Depository Trust Company, New York, New York. Bond Registrar: Amalgamated Bank of Chicago, Chicago, IL	<p>To build and equip new buildings, alter, renovate and repair existing facilities of the district, improve and equip land for district purposes and install technology in district facilities, including the Seaton Computing Center, the Physical Education Center, the Homeland Security Training Institute, resurfacing two parking lots and adding 1,000 parking spaces, as well as general infrastructure renovation. Additionally the bonds will be used to refund a portion of the district's outstanding General Obligation Bonds, Series 2003A, capitalize a portion of the interest to accrue on the bonds, and pay costs of issuing the bonds.</p> <p><b>Of the \$95,440,000, \$11,440,000 was used to refund prior bonds issued. Therefore, \$84,000,000 in new bond debt was issued.</b></p> <ul style="list-style-type: none"> <li>The balance outstanding as of June 30, 2014, was \$73,910,000.</li> </ul>
2011B	\$9,460,000 (Alternate)	Cede & Co. The Depository Trust Company, New York, New York. Bond Registrar: Amalgamated Bank of Chicago, Chicago, IL	<p>To refund a portion of the district's outstanding General Obligation Bonds, Series 2003B.</p> <ul style="list-style-type: none"> <li>The balance outstanding as of June 30, 2014, was \$9,460,000.</li> </ul>
2013A	\$84,000,000	Cede & Co. The Depository Trust Company, New York, New York. Bond Registrar: Amalgamated Bank of Chicago, Chicago, IL	<p>To build and equip new buildings, alter, renovate and repair existing facilities of the district, improve and equip land for district purposes and install technology in district facilities, including the McAninch Arts Center, Homeland Security Training Institute, the Seaton Computing Center, the Campus Maintenance Center, and to renovate and resurface approximately 900 parking lot spaces. Additionally, the bonds will be used to capitalize a portion of the interest to accrue on the bonds and pay costs of issuing the bonds.</p> <ul style="list-style-type: none"> <li>The balance outstanding as of June 30, 2014, was \$84,000,000.</li> </ul>
<b>Total</b>	<b>\$366,460,000</b>		<b>The total balance outstanding for these bonds as of June 30, 2014, was \$295,850,000.</b>

Source: College of DuPage, Bond Official Statements, and FY2014 CAFR.

The College also issued alternate general obligation bonds in 2009 and 2011. Section 15 of the Debt Reform Act (30 ILCS 350/15) provides that when a government entity is authorized to issue revenue bonds or whenever there is a lawful revenue source, the entity can issue general obligation bonds instead of revenue bonds and have the bonds repaid using the revenue source. They are considered general obligation debt payable from the pledged revenues, with the taxing power of the district as back-up security in case the pledged revenues are insufficient. The alternate bonds issued by the district were pledged to be repaid with tuition and fee revenues paid to the College. Property taxes are used only if tuition and fee revenues are not sufficient to repay the bond. A total of almost \$84.5 million in alternate bonds have been issued by the College of DuPage since 2007. Of this amount, \$75.0 million was to be used for construction and renovation and \$9.5 million was for refunding earlier bonds.

In addition, the College issued \$35.2 million in other general obligation refunding bonds in 2009 and 2011. When bonds are refunded, they are essentially retired before they mature by using the proceeds from a new debt issue. The advantage to doing this is the new issue is usually issued at a lower rate of interest than the refunded issue, resulting in a reduction (savings) in interest expense for the issuer. All of the refunding bonds issued during the audit period were to refund bonds sold by the College in 2003.

A total of \$366.46 million in bonds were issued during the years listed in the audit resolution (see Exhibit 4-5). Of the \$366.46 million, \$321.84 million (88%) were issued for construction or renovation of college facilities and grounds, including the alternate bonds issued in 2009. The remaining \$44.6 million in bonds were issued for refunding other bonds.

Exhibit 4-5 GENERAL OBLIGATION BONDS ISSUED BY THE COLLEGE OF DUPAGE BY PURPOSE Calendar Years 2007-2013		
General Obligation Bonds	Purpose	Amount Issued
2007	Construction	\$ 78,840,000
2011A*	Construction	\$ 84,000,000
2013A	Construction	\$ 84,000,000
Alternate Bonds	Purpose	Amount Issued
2009A - construction	Construction	\$12,550,000
2009B - construction	Construction	\$62,450,000
2011B - refunding	Refunding	\$ 9,460,000
Refunding Bonds	Purpose	Amount Issued
2009C	Refunding	\$23,720,000
2011A*	Refunding	\$11,440,000
<b>Total Amount Issued</b>		<b>\$366,460,000</b>
Note: * The 2011A bond issue totaled \$95,440,000. Of this, \$84,000,000 was pursuant to the voter referendum passed in November 2010 and \$11,440,000 was refunding bonds (\$95,440,000-\$11,440,000=\$84,000,000). Source: College of DuPage documents.		

### Uses of Bond Funds

The Illinois Community College Board’s administrative rules require that community colleges establish an Operations, Building and Maintenance Fund (Restricted). This fund is used to account for funds which can be used only for site acquisition and construction and equipping of buildings (23 Ill. Adm. Code 1501.511(a)(7)). Proceeds from bonds were held by the College of DuPage in the Operations and Maintenance (Restricted) Fund. The Operations and Maintenance (Restricted) Fund, however, also held other monies, such as construction fees paid by students as part of the tuition each semester. Although this is an acceptable practice, the College could not provide information that would break out which project payments were funded

with bond funds and which were funded using the student fees and other money deposited into the account. In addition, the information provided by the College regarding construction project expenditures does not track which bond’s proceeds (for example 2011A Bonds) were used for each project. Therefore, tracking which individual projects were funded by each bond issuance was not possible.

The College of DuPage provided auditors with two spreadsheets related to bond expenditures. The first was for the period FY2008-2010 and was taken from the College’s old accounting system. The second spreadsheet was for the period FY2011-2015 and was taken from the College’s current accounting system.

As previously noted, the College of DuPage could not provide auditors with a list of projects and expenses that were paid for exclusively with funds from bonds that were issued. For instance, bond Referendum One, approved in November 2002, was for a total of \$183 million, but according to information provided by the College, Referendum One projects totaled nearly \$350 million for construction. According to officials, part of the difference was that the 2009A and 2009B bonds were included in the expenditures for Referendum One. This accounted for approximately \$75 million of the difference.

Overall, Exhibit 4-6 shows that the College’s accounting system identified much more money spent on the projects than the amount of bonds sold. Officials stated that the expenditure amounts provided included not only the bond monies, but also other monies that were used for the project, including a construction fee charged to students each semester.

Information provided by the College of DuPage for Referendum One showed that the College expended nearly \$350 million for projects (see Exhibit 4-7). For Referendum Two, information provided by the College showed that nearly \$182 million has been expended for projects.

Exhibit 4-8 shows the projects and expenditures for Referendum Two for FY2011-FY2015. In total, project expenditure information provided by the College for the two referendums for FY2003-FY2015 totaled \$531.5 million. Bonds issued for construction in 2007, 2009, 2011, and 2013 totaled \$321.8 million.

Exhibit 4-6 EXPENDITURES FOR BOND CONSTRUCTION/RENOVATION PROJECTS AND BONDS SOLD Fiscal Years 2008-2015	
Fiscal Year	Amount Expended
2008	\$ 58,730,327
2009	\$ 54,531,622
2010	\$ 52,447,724
2011	\$ 86,894,292
2012	\$ 69,545,829
2013	\$ 82,781,622
2014	\$ 57,523,346
2015	\$ 24,083,318
<b>Total Expenditures<sup>1</sup></b>	<b><sup>1</sup>\$486,538,080</b>
<sup>1</sup> This amount includes <u>all funds</u> expended for construction, including bond funds and other monies used for these projects, such as student fees. Source: College of DuPage financial information.	

Exhibit 4-7  
**BOND REFERENDUM ONE**  
**PROJECTS AND EXPENDITURES**  
 Fiscal Years 2003-2015

Project		Subtotal	Subtotal	Subtotal	Total
# <sup>1</sup>	Description	FY03-FY07	FY08-FY10	FY11-FY15	FY03-FY15
718	Carol Stream Regional Center	\$2,679,559	\$0	\$0	\$2,679,559
719	Northwest Regional Center	\$6,400	\$0	\$0	\$6,400
723	Satellite Dish Farm Relocation	\$427,943	\$51,973	\$0	\$479,916
724	Master Space Plan	\$5,282,563	\$3,909,122	\$89,053	\$9,280,738
725	Parking & Roadway	\$598,864	\$6,559,834	\$0	\$7,158,698
726	Early Childhood Educational Center (ECEC)	\$6,514,343	\$498,084	\$0	\$7,012,427
727	Berg Instructional Center (BIC) renovation	\$110,558	\$34,669,297	\$72,810,381	\$107,590,237
728	Technology Educational Center (TEC)	\$2,368,408	\$46,477,060	\$82,250	\$48,927,719
729	Health and Science Center (HSC)	\$5,456,287	\$51,754,347	\$275,071	\$57,485,705
736	Parking - Phase 2	\$13,057,632	\$2,311,767	-\$60,179	\$15,309,220
739	Naperville Regional Center – Cosmetology	\$109,468	\$854,841	\$0	\$964,309
740	Infrastructure	\$1,412,288	\$2,767,626	\$148,642	\$4,328,556
741	Graphic Arts (MAC)	\$0	\$1,093,367	\$0	\$1,093,367
742	DuPage Convalescence	\$154,661	\$0	\$0	\$154,661
743/ 757	Athletic Field Improvement	\$2,134,907	\$4,791,343	-\$187,183	\$6,739,068
744	Auxiliary Storage (MAC)	\$338,387	\$0	\$0	\$338,387
745	Soccer Fields	\$14,465	\$31,592	\$0	\$46,057
746	Parking - Phase 1	\$1,753,398	\$11,111	\$0	\$1,764,509
747	Glen Ellyn Planned Unit Development	\$151,714	\$120,814	\$81,418	\$353,946
748	Relocate Detention Pond & Temp Parking	\$2,031,761	\$4,480	\$0	\$2,036,241
750	Community Garden	\$117,832	\$20,560	\$0	\$138,392
751	Storm Water	\$99,010	\$617,259	\$0	\$716,269
752	Site Analysis	\$155,410	\$149,397	\$149,736	\$454,542
755	West Campus Community Center	\$0	\$7,015	\$0	\$7,015
758	Signage	\$0	\$768,980	\$2,502,935	\$3,271,915
759	Move Management	\$0	\$1,075,612	\$0	\$1,075,612
760	Culinary Arts Center	\$0	\$2,564,192	\$27,977,781	\$30,541,973
761	Homeland Security Center	\$0	\$2,392,849	\$22,027,383	\$24,420,233
764	Demobilize Trailers	\$0	\$0	\$10,197	\$10,197
765	HSC Landscape	\$0	\$1,320,727	\$374,274	\$1,695,001
767	SRC Exterior Wall	\$0	\$40,563	\$3,934,122	\$3,974,685
770	Landscape	\$0	\$845,862	\$4,618,120	\$5,463,982
771	Special Initiatives	\$0	\$0	\$467,536	\$467,536
N/A	Campus Site Ref #1	\$0	\$0	\$3,768,760	\$3,768,760
N/A	Bond Issue	\$14,927	\$0	\$0	\$14,927
<b>Referendum One Total</b>		<b>\$44,990,783</b>	<b>\$165,709,674</b>	<b>\$139,070,299</b>	<b>\$349,770,755</b>

Note: <sup>1</sup> College of DuPage project number.

<sup>2</sup> Totals may not add due to rounding.

Source: OAG analysis of expenditure information provided by the College of DuPage (unaudited).



In our review of bond documents during the audit, we identified an issue related to competitively procuring bond services. When an entity decides to issue bonds, the entity must engage the services of a financial advisor, an underwriter, and bond counsel. The *financial advisor* helps determine the amount of bonds that will be issued, the maturities (over how many years will the bonds be paid and in what amounts per year), and the timing of the bond sale. The *underwriter* actually sells the bonds on the market, and the *bond counsel* advises on legal issues, including whether the interest paid on the bonds is taxable for federal and state income tax purposes.

The Government Finance Officers Association recommends as a best practice that these services be procured through a competitive process, using a Request for Proposal (RFP) or Request for Qualifications (RFQ). The College of DuPage followed this process for almost all of the bonds it issued.

The College of DuPage did provide us with an RFP for the bond counsel services for the 2013 bonds; however, the College could not provide documentation (such as a bid

advertisement or bid opening) to show that an RFP was issued for the financial advisory services for the 2013 bond issuance. We also could not find approval of an RFP or a contract for services in the Board minutes for financial advisory services for the 2013 bond issuance that might have explained why the services were not competitively procured.

We requested documentation of these services being competitively procured and approved on two separate occasions. The only documentation that the College could provide was a draft proposal from the firm that provided the financial advisory services. College officials did not know the reasoning behind not issuing an RFP. According to College officials, the firm was paid \$42,000 out of the issuance proceeds for these services.

If financial advisory services for bonds are not competitively procured, the College cannot ensure that the amount paid for those services is the most financially advantageous for the College. Without evidence in Board minutes and/or Board packets as to the reason why these services were not competitively procured or the agreement approved, the Board may be unaware of the cost of these services to the College.

Exhibit 4-8 BOND REFERENDUM TWO PROJECTS AND EXPENDITURES Fiscal Years 2011-2015		
Project		Total
#	Description	FY11-FY15
800	Student Resource Center (SRC)	\$39,689,213
801	Seaton Computing Center (SCC)	\$6,910,337
802	McAninch Arts Center (MAC)	\$33,647,990
803	Physical Education Center (PE)	\$25,044,247
804	Site & Ground (Campus Wide)	\$14,103,639
805	Infrastructure (Campus Wide)	\$4,268,841
806	Homeland Security - Phase II	\$14,276,114
807	Parking - West Campus	\$8,226,897
808	Naperville Regional Center	\$5,776,085
809	Campus Maintenance Center (CMC)	\$9,432,998
811	Athletic Facilities	\$2,088,684
813	SRC - South Lobby Glass	\$1,421,578
814	SRC - South Lobby Hallway	\$1,246,834
818	Campus Artwork	\$104,516
820	Parking-West Campus PE	\$5,524,094
N/A	Demolition	\$4,494,542
N/A	Campus Site Ref #2	\$1,014,999
N/A	Irrigation & Drainage	\$1,109,904
N/A	FY14-Site,Infra,&Pkg Improvements	\$3,376,596
<b>Referendum Two Total</b>		<b>\$181,758,108</b>
Note: Voters approved Referendum Two November 10, 2010; therefore, there were no expenditures prior to FY2011.		
Source: OAG analysis of expenditure information provided by the College of DuPage (unaudited).		

<b>BOND ADVISORY SERVICES</b>	
<p><b>RECOMMENDATION</b></p> <p><b>10</b></p>	<p><i>The College of DuPage Board of Trustees should:</i></p> <ul style="list-style-type: none"> <li>• <i>Competitively procure all bond advisory services or document in Board minutes why the services were exempt from competitive procurement; and</i></li> <li>• <i>Approve all contracts for bond services.</i></li> </ul>
<p><b>COLLEGE OF DUPAGE RESPONSE</b></p>	<p>The College agrees with this recommendation.</p> <p>Since the transactions that were audited (i.e., the issuance and use of bonds issued between 2007-2013), the College has taken steps to improve controls in this area.</p> <p>On April 1, 2015, a Purchasing Department operating procedure for professional service contracts was implemented. This procedure ensures that professional service vendors are selected through a competitive proposal process. It is also intended to ensure compliance and consistency in application of professional services exemptions from a competitive proposal process. In the future, all bond advisory services (including bond counsel) will be awarded after a competitive process.</p> <p>The College is also taking steps to define what constitutes a "professional service." Prior to 2015, the College did not have any approved list of services that might qualify as "professional services." In 2015, College personnel developed a proposed list, which was ultimately submitted to the College's then- Senior Vice President Administration and Treasurer. However, the list was not forwarded to the Board.</p> <p>That list was re-submitted to the interim Treasurer on August 23, 2016 for review, and eventual submission to the Board for approval.</p> <p>In addition, exemption language (as outlined in the Illinois Public Community College Act or Local Government Professional Services Selection Act) is noted in each applicable report submitted for Board approval of a contract.</p>

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## Chapter Five

# CONSTRUCTION ACTIVITIES

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## CHAPTER CONCLUSIONS

House Resolution No. 55 asked the Office of the Auditor General to determine whether the College of DuPage Board of Trustees was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to construction activities.

Construction project expenditures provided by the College for the period FY2003-FY2015 totaled \$531.5 million. We reviewed 12 building projects totaling \$403.7 million for the period FY2003-FY2015 to determine if the projects were contained in the College's Facilities Master Plan, received Board approval, and whether the architect/engineer and construction manager were competitively procured.

The audit concluded that the College of DuPage and its Board of Trustees could improve its oversight of construction activities by:

- Establishing a facilities/construction committee;
- Requiring status reports at regular meetings;
- Obtaining Illinois Community College Board (ICCB) approval of construction projects prior to the award of contracts and construction of projects as is required by ICCB's administrative rules (23 Ill. Adm. Code 1501.602(b));
- Documenting competitive procurement exemptions for construction projects;
- Establishing a written policy for the types of work classified as professional services;
- Establishing a prequalification system for potential bidders;
- Documenting the bidding process and ensuring a Board member or Board employee opens bids publicly; and
- Approving and signing contracts prior to beginning work.

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## CONSTRUCTION ACTIVITIES

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House Resolution No. 55 asked the Office of the Auditor General to determine whether the College of DuPage Board of Trustees was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to construction activities.

According to the College's 2014 budget, when all the projects that are to be funded by the 2010 bond referendum are completed, every building on campus will have been newly constructed or renovated since 2009. Construction project expenditures provided by the College for the period FY2003-FY2015 totaled \$531.5 million.

### **Construction Contract Requirements**

The Illinois Public Community College Act (Act) contains

When all the projects that are to be funded by the 2010 bond referendum are completed, every building on campus will have been newly constructed or renovated since 2009.

provisions that require all contracts for purchase of supplies, materials, or work involving expenditures in excess of \$25,000 to be awarded to the lowest responsible bidder. One exception in the Act is a contract for repair, maintenance, remodeling, renovation, or construction, or a single project involving an expenditure not to exceed \$50,000 and not involving a change or increase in the size, type, or extent of an existing facility (110 ILCS 805/3-27.1).

The Board’s Construction Policy (Policy 10-90) states that all contracts for construction and related services will be made in accordance with Illinois law and regulation. This policy allows for emergency expenditures in excess of the bid limit without public bid where the emergency expenditure is approved by three-fourths of the members of the Board of Trustees.

The College’s Construction Contracts Administrative Procedure (Procedure 10-90) provides the guidelines for awarding construction contracts. In addition to the provisions in statute and the Board of Trustees’ policies, the administrative procedure states that contracts between \$15,000 and \$24,999 will require a minimum of three verbal quotes, contracts between \$25,000 and \$49,999 will require three written quotes, and contracts of \$50,000 and over will follow formal bidding procedures. There are also different thresholds for the awarding of architectural, engineering, and land surveying services:

- Contracts under \$25,000 will be awarded at the discretion of the Purchasing Department and contracts between \$25,000 and \$49,999 will require a minimum of three written proposals unless a satisfactory relationship exists with one or more firms.
- All contracts of \$25,000 and over are required to be awarded based on demonstrated competence and qualifications in accordance with the Local Government Professional Services Selection Act (50 ILCS 510/).
- All construction-related contracts have to be approved by the Vice President of Administrative Affairs.

The Board is required to approve all construction contracts of \$50,000 and over. Administrative Procedure 10-90 also requires construction contracts to comply with Board Policy and Administrative Procedure 10-60 (Purchasing).

Architectural, engineering, and land surveying services are selected utilizing the Qualifications Based Selection (QBS) process governed by the Illinois Local Government Professional Services Selection Act (50 ILCS 510/). The Act requires local governments to select firms based on qualifications with one exception. If there is a satisfactory relationship with a firm then the project does not have to go through the formal qualifications process.

If there is a satisfactory relationship with a firm then the project does not have to go through the formal qualifications process.

- Whenever a project requiring architectural, engineering or land surveying services is proposed, the government is required to send a notice requesting a statement of interest in the specific project to all the firms who have a current statement of qualifications on file, place an advertisement in a local newspaper, and place an advertisement on the local government’s website (50 ILCS 510/4).
- Once all the statements of interest have been received, the government has to evaluate the firms based on qualifications-based factors that are determined in writing to be applicable.

- The government can also hold discussions with the firms and require public presentations. During the evaluation process, the government cannot seek formal or informal submission of cost estimates based on any measure of compensation (50 ILCS 510/5).
- Once the local government has ranked the top three firms, then a contract can be negotiated with the top firm.

### **Illinois Community College Board (ICCB) Requirements for Capital Projects**

During the audit period, the Illinois Public Community College Act gave ICCB the authority to approve all locally funded capital projects for which no State monies were required (110 ILCS 805/2-12(c)). This provision was deleted by Public Act 99-655, effective July 28, 2016. The ICCB has promulgated rules that delineate capital project requirements for community colleges in the State. An updated District Site and Construction Master Plan is required to be filed with the ICCB by July 1 of the year during which the college undergoes a recognition evaluation (every five years) (23 Ill. Adm. Code 1501.602(c)). The College of DuPage provided the ICCB with its Facilities Master Plan in February 2012, as part of its last recognition review.

Additionally, any project requiring the expenditure of State or local funds for purchase, construction, remodeling, or rehabilitation of physical facilities at a primary or secondary site requires prior ICCB approval, with three exceptions. Those three exceptions are: locally funded maintenance projects, locally funded projects that result in no change in room use, and locally funded projects where the estimated cost is less than \$250,000 (23 Ill. Adm. Code 1501.602(b)).

### **College of DuPage Construction Process**

According to College officials, after the College has determined that there is a need, an architectural firm is hired to assess the need and provide cost projections. This information is used to set the target dollar amounts for the College to spend on the project. Once this is accomplished, the end user specifications for the project are determined. These specifications involve the program or department and its specific needs of the facility.

Once the plan for the project has been developed, contracts are awarded. The College can bid out all the contracts, but is not required to for certain services. The Local Government Professional Services Selection Act (50 ILCS 510/) allows the College to award architectural, engineering, and land surveying contracts without bids if there is a prior satisfactory relationship.

The College of DuPage uses a construction manager system. In using a construction manager, the College contracts with a firm to oversee the construction. Contracts with trades/subcontractors are then assigned to the construction manager to oversee and manage. When bidding subcontractors/trades, the construction manager helps develop the technical documents for the contracts and the Purchasing Department then incorporates the boilerplate language. According to officials, for subcontractors and trades, the College conducts the bidder's conference, bid opening, etc., but the actual contract is between the construction manager and the subcontractor. The construction manager bills the College for all construction and reimburses the subcontractors. Although the construction manager receives the funds for all construction projects, much of the funds are passed through to the subcontractors and trades.

**The College does not maintain a master list of construction contracts and it took the College over two months to compile a list for auditors.** We requested a list of construction

contracts for FY2011 through FY2014 on November 17, 2015. On January 21, 2016, College officials finally provided us with a list of 138 construction contracts with an original contract amount of \$173.5 million. Chapter Three of this report recommends that the College establish a central repository for all contracts.

### **Board Oversight of Construction**

To guide and direct construction at the College of DuPage, a Facilities Master Plan was developed. In 2002, the Board of Trustees approved a Facilities Master Plan (FMP). Two Trustees from the Board also served on the committee that developed the 2003 FMP. In June 2005, the Board of Trustees unanimously approved the 2003 Final Facilities Master Plan. The plan contained an analysis of the current campus and an assessment of future needs. It also contained a list of possible projects, timelines, and costs. The FMP was updated in 2010. In February 2010, the Board unanimously approved the 2010 Amendment to the 2005 Facilities Master Plan. Two Trustees from the Board also served on the committee that developed the 2010 amendment to the plan.

The Board of Trustees met as a committee of the whole to discuss Facilities Master Plan issues for the College on a somewhat regular basis beginning in at least 2005 and continuing through 2009. According to minutes we obtained, 34 meetings were held between September 2005 and June 2009 to discuss construction and planning at the College. However, after June 2009, there are no minutes related to the Board meetings to discuss issues related to the Facilities Master Plan.

We obtained agendas and notes documenting internal construction meetings involving the President of the College, Treasurer, and officials from Facilities Planning and Development for FY2012 through FY2014. These meetings were held to discuss/resolve program level issues, present project updates, and prepare for the Board meetings. Regular Board meeting minutes we reviewed for the period FY2011-FY2014 included approval of projects as well as bids and change orders for ongoing projects.

After June 2009, there are no minutes related to the facilities master plan Board meetings.

In addition to the FMPs and approval of individual projects and bids at regular board meetings, the annual budgets that were adopted each year also contained projects budgeted for the upcoming year. These budgets were also approved by the Board of Trustees.

The Board of Trustees also was provided monthly construction project summary reports. These reports provided an update on the status of every project and included if the projects were proceeding according to schedule. We reviewed FY2011-FY2014 Board minutes to determine whether the Trustees were receiving these reports. We found the Board received these reports every month for FY2011. However, **beginning in June 2012, the Board stopped receiving the reports.**

If Trustees serve on a Facilities Management and Planning Committee and/or receive monthly construction project summary reports, the Board of Trustees would be better informed of the planning process and the progress of individual projects.

<b>FACILITIES CONSTRUCTION COMMITTEE AND MONTHLY STATUS REPORTS</b>	
<b>RECOMMENDATION</b>  <b>11</b>	<i>The College of DuPage Board of Trustees should consider establishing a facilities/construction committee and including monthly reports of the status of individual projects in the Board packets for regular meetings.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.  The Board Chairman will recommend the creation of a formally-chartered facilities committee in connection with any significant future capital improvements, as well as the dissemination of monthly reports on the status of such projects to the Board.

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## **REVIEW OF CONSTRUCTION PROJECTS**

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The College of DuPage Board of Trustees could improve its oversight of construction activities by:

- Obtaining ICCB approval of construction projects prior to the award of contracts and construction of projects;
- Documenting competitive procurement exemptions for construction projects;
- Establishing by written policy the types of work classified as professional services;
- Establishing a prequalification system for potential bidders;
- Documenting the bidding process and ensuring a Board member or employee opens bids publicly; and
- Approving and signing contracts prior to beginning work.

Because bonds reviewed as part of this audit were for 2007, 2009, 2011, and 2013, we selected all projects with over \$5 million in expenditures between FY2008 and FY2015 for a more detailed review. From project and expenditure information provided by the College we determined that construction for projects for FY2008-FY2015 totaled \$486.5 million. We reviewed 12 building projects totaling \$403.7 million for the period FY2003-FY2015 including the costs for architecture/engineering, construction management, and total costs (see Exhibit 5-1).

We reviewed these 12 projects to determine if the projects were contained in the Facilities Master Plan, received Board approval, and were approved by the ICCB. We also reviewed how the architect/engineer and construction manager contracts for the project were selected and approved. As can be seen in Exhibit 5-2, all 12 building projects reviewed were included in the College’s Facilities Master Plans that were approved by the Board of Trustees.

Exhibit 5-1  
**FEEES FOR ARCHITECTURAL/ENGINEERING AND CONSTRUCTION MANAGEMENT SERVICES**  
**COLLEGE OF DUPAGE CAPITAL PROJECTS FOR BUILDINGS OVER \$5 MILLION**  
 Fiscal Years 2008-2015

Project	Architect/ Engineer (A/E)	A/E Fee <sup>1</sup>	Construction Manager (CM)	CM Fee <sup>1</sup>	Project Total Cost <sup>2</sup>
#727 Berg Instructional Center (BIC)	Loebl, Schlossman, & Hackl	\$6,056,548	M.A. Mortensen Company	\$9,064,479	\$107,590,237
#728 Technology Educational Center (TEC)	DeStefano & Partners, Ltd.	\$1,737,494	Gilbane Building Company	\$3,140,764	\$48,927,719
#729 Health & Science Center (HSC)	Hellmuth, Obata, and Kassabaum, Inc.	\$2,752,978	Gilbane Building Company	\$3,675,433	\$57,485,705
#760 Culinary & Hospitality Center (CHC)	Loebl, Schlossman, & Hackl	\$1,724,310	W.B. Olsen	\$1,813,309	\$30,541,973
#761 Homeland Security Education Center (HEC)	Legat Architects	\$1,530,342	Power Construction	\$1,364,323	\$24,420,233
#800 Student Resource Center (SRC)	Loebl, Schlossman, & Hackl	\$2,260,684	M.A. Mortensen Company	\$4,141,144	\$39,689,213
#801 Seaton Computing Center (SCC)	Wight & Company	\$682,681	Power Construction	\$473,674	\$6,910,337
#802 McAninch Arts Center (MAC)	Wight & Company	\$2,754,925	M.A. Mortensen Company	\$3,469,376	\$33,647,990
#803 Physical Education Center (PEC)	Legat Architects	\$1,947,984	Power Construction	\$1,607,299	\$25,044,247
#806 Homeland Security - Phase II (HTC)	Legat Architects	\$1,277,144	Power Construction	\$924,360	\$14,276,114
#808 Naperville Regional Center	Bailey Edward Design	\$385,037	Pepper Construction	\$442,396	\$5,776,085
#809 Campus Maintenance Center (CMC)	Legat Architects	\$829,418	Pepper Construction	\$929,387	\$9,432,998

Notes:

<sup>1</sup> Fees for Architect/Engineer (A/E) and Construction Manager (CM) may also include fees paid to subcontractors for those services.

<sup>2</sup> Total project costs are unaudited. Project cost information was provided by the College of DuPage and includes all expenditures for the period FY2003-FY2015.

Source: OAG analysis of College of DuPage data (unaudited) and file testing.



### **Illinois Community College Board Application and Approval of Capital Projects**

The College of DuPage was not obtaining ICCB approval for projects prior to the Board of Trustees approving and awarding contracts. Before a construction project begins, the College must first file an application with the Illinois Community College Board (ICCB) and receive approval. ICCB administrative rules for approval of capital projects require:

*A project requiring the expenditure of state or local funds for purchase, construction, remodeling, or rehabilitation of physical facilities at a primary or secondary site shall have **prior ICCB approval** except the following:*

- 1) locally funded projects that meet the definition of a maintenance project as defined in Section 1501.601, or*
- 2) locally funded projects that result in no change in room use, or*
- 3) locally funded projects for which the total estimated cost is less than \$250,000. (23 Ill. Adm. Code 1501.602(b)) (Emphasis Added)*

As is shown in Exhibit 5-2, one of the 12 projects (#808 Naperville) did not receive ICCB approval. Although the College of DuPage Board of Trustees approved the contracts for the architect and construction manager in December 2013, the Board of Trustees did not approve the application and send it to the ICCB until October 2014. According to emails between ICCB and College of DuPage staff, since the project was “*contracted, started, and well underway*” before ICCB approval was requested in October 2014, the ICCB did not issue an approval letter for the project. According to correspondence we reviewed, College of DuPage staff incorrectly interpreted the ICCB requirements and assumed that an application was not necessary if the overall square footage was not changing.

For 11 remaining projects, the construction manager was approved prior to the project application being approved by the ICCB. The construction manager was approved anywhere from 3½ months to 11½ months prior to ICCB project approval. For some projects construction work had begun prior to ICCB approval. As an example, for the McAninch Arts Center (MAC - project #802) the construction manager was approved by the Board of Trustees on July 12, 2011. However, the ICCB did not approve the project until nearly a year later on June 28, 2012. By that time, the first invoice had been received for \$25,736 and payment had been approved by the College.

Beginning construction projects prior to receiving ICCB approval is in violation of the Illinois Administrative Code (23 Ill. Adm. Code 1501.602(b)). According to College of DuPage officials, the College strives to gain ICCB approval prior to the start of actual construction activities on all projects. However, the College had utilized the “pre-construction” services of design and construction consultants to help develop the project and formulate cost and area components of the ICCB Capital Projects Applications. According to officials, actual construction activities on the MAC project (#802) did not begin until approximately November 2012, after receipt of ICCB approval. Also, the Naperville project (#808) was submitted late as a result of a College misunderstanding related to approval of work at satellite facilities.

Exhibit 5-2  
**SUMMARY OF PLANNING AND APPROVALS**  
**COLLEGE OF DUPAGE CAPITAL PROJECTS FOR BUILDINGS OVER \$5 MILLION**  
 Fiscal Years 2008-2015

Project	In Facilities Master Plan?	Board Approval Of Application To ICCB	ICCB Approval Date <sup>1</sup>	Board Approval of Architect Contract	Board Approval of Construction Manager Contract
#727 Berg Instructional Center (BIC)	Yes	6/22/2009	9/28/2009	7/19/2007	5/4/2009
#728 Technology Educational Center (TEC)	Yes	1/8/2007	3/29/2007	3/17/2005	12/11/2006
#729 Health & Science Center (HSC)	Yes	1/8/2007	3/29/2007	8/23/2005	12/11/2006
#760 Culinary & Hospitality Center (CHC)	Yes	2/18/2010	4/12/2010	7/16/2009	7/16/2009
#761 Homeland Security Education Center (HEC)	Yes	2/18/2010	4/12/2010	7/16/2009	7/16/2009
#800 Student Resource Center (SRC)	Yes	3/15/2012	5/9/2012	7/12/2011	7/12/2011
#801 Seaton Computing Center (SCC)	Yes	2/21/2012	5/10/2012	8/18/2011	7/12/2011
#802 McAninch Arts Center (MAC)	Yes	2/21/2012	6/28/2012	8/18/2011	7/12/2011
#803 Physical Education Center (PEC)	Yes	3/15/2012	5/9/2012	7/12/2011	7/12/2011
#806 Homeland Security - Phase II (HTC)	Yes	5/22/2014	7/15/2014	10/17/2013	10/17/2013
#808 Naperville Regional Center	Yes	10/16/2014	<b>No Approval</b>	12/19/2013	12/19/2013
#809 Campus Maintenance Center (CMC)	Yes	8/21/2012	9/5/2012	12/15/2011	12/15/2011

Note: <sup>1</sup> ICCB administrative rules require prior approval for construction projects (23 Ill. Adm. Code 1501.602(b)).

Source: OAG analysis of College of DuPage data.

After an architect/engineer (A/E) and construction manager (CM) are hired, bid packages are prepared for the actual construction. Work is awarded to the subcontractors/trades and these contracts are assigned to the CM to manage. To follow up on the assertions made by College officials that construction had not begun on these projects, we reviewed when the first bid

packages for each of the projects were awarded. For 4 of the 11 projects approved by ICCB, the first bid packages were approved by the College’s Board of Trustees prior to ICCB approval. These packages included work for items such as concrete, steel, and demolition and the award dates ranged from 35 days to 130 days prior to ICCB approval. As an example, the first bid package for the Berg Instructional Center (#727 BIC) was awarded on May 21, 2009. However, the ICCB did not approve the project until September 28, 2009, more than four months later. According to ICCB officials, in no case should the actual construction contracts (with contractors actually doing the work) have been awarded to construction contractors prior to ICCB approval.

<b>ICCB APPROVAL OF CAPITAL PROJECTS</b>	
<b>RECOMMENDATION</b>  <b>12</b>	<i>The College of DuPage Board of Trustees should obtain ICCB approval for applicable projects prior to beginning construction activities on projects as is required by ICCB’s administrative rules.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.  Since the time period that was audited (FY 2008-FY 2015), the College has strengthened its controls. In the future, contracts for construction will not be submitted for Board approval and award unless and until documentation of ICCB approval has been received.

### **Architects/Engineers and Construction Managers Selection**

The audit reviewed the selection process for architects/engineers and construction managers for 12 building projects. Of the 12 projects reviewed:

- 8 of 12 A/Es were not selected using a QBS (Qualifications Based Selection) process; and
- 9 of 12 CMs were not competitively procured (see Exhibit 5-3).

Our review of the four A/E firms that were selected using a QBS selection process found that the process followed statute but there were some differences in how involved the Board was in the selection process:

- For two of four projects (#727 BIC & #729 HSC) in which the A/E was selected using QBS, the Board of Trustees **held interviews** with firms that had been shortlisted by an administration committee, voted to approve the firm to begin the contract negotiation process, and then voted at a later date to approve the final contract.
- For two of four projects (#728 TEC & #808 Naperville) in which the A/E was selected using QBS, the Board of Trustees **did not hold interviews**. The decision regarding which firm to use was made by an administrative committee and the contract was negotiated prior to the firm being approved by the Board in a vote that was to approve the final contract. Additionally, there was a lack of documentation for the evaluation process used to select these firms such as why the firm selected was more qualified than others.

- The College could only provide public notice/advertising for one of the four projects that were competitively procured. The three projects that were missing documentation of public notice/advertising were procured in 2005 and 2007. According to College officials, because of the age of some procurements, documentation was difficult to locate.

Exhibit 5-3 <b>PROCUREMENT OF CONTRACTS FOR BUILDING PROJECTS OVER \$5 MILLION</b> Fiscal Years 2008-2015				
Project	Architect/Engineer (A/E)	A/E Competitively Procured? <sup>1</sup>	Construction Manager (CM)	CM Competitively Procured? <sup>1</sup>
#727 - Berg Instructional Center (BIC)	Loebl, Schlossman, & Hackl	Yes	M.A. Mortensen Company	Yes
#728 - Technology Educational Center (TEC)	DeStefano & Partners, Ltd.	Yes	Gilbane Building Company	Yes
#729 - Health & Science Center (HSC)	Hellmuth, Obata & Kassabaum, Inc.	Yes	Gilbane Building Company	Yes
#760 Culinary & Hospitality Center (CHC)	Loebl, Schlossman, & Hackl	No - no explanation	W.B. Olsen	No - No explanation
#761 Homeland Security Education Center (HEC)	Legat Architects	No - no explanation	Power Construction	No - No explanation
#800 - Student Resource Center (SRC)	Loebl, Schlossman, & Hackl	No - Prior Satisfactory Relationship	M.A. Mortensen Company	No – High degree of professional skill
#801 - Seaton Computing Center (SCC)	Wight & Company	No - Prior Satisfactory Relationship	Power Construction	No – High degree of professional skill
#802 - McAninch Arts Center (MAC)	Wight & Company	No - Prior Satisfactory Relationship	M.A. Mortensen Company	No – High degree of professional skill
#803 - Physical Education Center (PE)	Legat Architects	No - Prior Satisfactory Relationship	Power Construction	No – High degree of professional skill
#806 - Homeland Security - Phase II (HTC)	Legat Architects	No - Prior Satisfactory Relationship	Power Construction	No – High degree of professional skill
#808 - Naperville Regional Center	Bailey Edward Design	Yes	Pepper Construction	No – High degree of professional skill
#809 - Campus Maintenance Center (CMC)	Legat Architects	No - Prior Satisfactory Relationship	Pepper Construction	No – High degree of professional skill
<p>Note: <sup>1</sup> Board minutes and/or packets cited a prior satisfactory relationship or a high degree of professional skill.</p> <p>Source: OAG analysis of College of DuPage data.</p>				

### **Exemptions from the Competitive Procurement Process**

We reviewed each of the 12 projects sampled to determine whether there was an explanation regarding why contracts for the A/E and CM were not competitively procured. For most projects reviewed that were not competitively procured there was an explanation given as to why the contracts were exempt from the competitive procurement process. However, for two projects (#760 CHC and #761 HEC) there was no explanation in the Board Packets or Board meeting minutes regarding why the project was exempt from the competitive procurement process (see Exhibit 5-3).

#### **Architects/Engineers**

The architects/engineers were not competitively procured for 8 of the 12 projects reviewed. For two projects there was no explanation given and for the other six projects, Board minutes and/or packets cited that there was a previous satisfactory relationship with the firm being hired, which was why competitive procurement was not used. Although Board minutes and/or packets cited a previous satisfactory relationship, there was no information such as contractor evaluations to document that a satisfactory relationship existed.

The Local Government Professional Services Selection Act (50 ILCS 510/) establishes requirements for the procurement of architectural, engineering or land surveying services for political subdivisions of the State. The Act requires that these projects be competitively procured unless the entity has a satisfactory relationship for services with one or more firms. The College of DuPage administrative procedures (Procedure 10-90) require that contracts for architectural, engineering and land surveying services in the amount of \$25,000 or greater be awarded on the basis of demonstrated competence and qualifications in accordance with the Local Government Professional Services Selection Act.

#### **Construction Managers**

The College of DuPage Board of Trustees did not follow the procedures established in the College Administrative Manual for procurements that require a high degree of skill and select firms through a competitive proposal process. The construction managers were not competitively procured for 9 of the 12 projects we reviewed. For 2 projects there was no explanation given of why competitive procurement was not used and for the other 7 contracts, Board minutes and/or packets cited the Illinois Public Community College Act section that exempts contracts for services of individuals possessing a high degree of professional skill (110 ILCS 805/3-27.1) as the reason that the procurements were not bid. According to College officials, in January 2015 the College's previous Legal Counsel had advised the College that construction management services were commonly being considered as professional services. The Illinois Public Community College Act (110 ILCS 805/3-27.1) indicates that "*contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part*" (commonly referred to as professional services) are exempt from the formal bidding process.

CMs are not specifically addressed in the College's policies and procedures. However, the Administrative Procedure Manual (Procedure 10-60) contains guidance regarding professional service contracts and states:

*Contracts for services of individuals possessing a high degree of professional skill, where the ability or fitness of the individual plays an important part, shall be selected*

*through a competitive proposal process unless the service is a sole source purchase that is appropriately documented. Professional Service Contracts exceeding the established bid limit shall require approval by the Board of Trustees. Selection of a professional service provider shall be based on a variety of criteria including, but not limited to, demonstrated competence, knowledge, references and unique qualifications to perform the services, in addition to offering a fair and reasonable price that is consistent with current market conditions. [emphasis added]*

The requirement to select these services through a competitive proposal process, unless the service is a sole source purchase, has been in effect since at least March 1, 2010 (the last time Procedures 10-60 was amended). If a competitive proposal process is not used, the College cannot ensure that it is selecting the most qualified firm. It may also give the appearance that the required process is being circumvented in order to favor one firm over another.

If a competitive proposal process is not used, the College cannot ensure that it is selecting the most qualified firm.

<b>EXEMPTIONS FROM COMPETITIVE PROCUREMENT</b>	
<p><b>RECOMMENDATION</b></p> <p><b>13</b></p>	<p><i>The College of DuPage Board of Trustees should follow the procedures established in the College Administrative Procedures Manual for procurements that require a high degree of skill and thoroughly document why construction manager contracts would qualify as exempt from College policies and the Public Community College Act.</i></p> <p><i>The College of DuPage should also consider establishing a contractor evaluation process in order to document that a satisfactory relationship exists for exemptions under the Local Government Professional Services Selection Act.</i></p>
<p><b>COLLEGE OF DUPAGE</b></p> <p><b>RESPONSE</b></p> <p><b>(Continued on next page)</b></p>	<p>The College agrees with this recommendation.</p> <p>Since the time period that was audited (FY 2008-FY 2015), the College has taken steps to ensure that the types of practices noted in the Audit Report will not occur again.</p> <p>On April 1, 2015, a Purchasing Department operating procedure for professional service contracts was implemented. This procedure ensures that professional service vendors are selected through a competitive proposal process. It is also intended to ensure compliance and consistency in application of professional services exemptions from a competitive proposal process. In the future, all contracts for professional services will be awarded after a competitive process, or prior to approval, the Board will be requested to approve the professional services based on specific reasoning setting forth the reasons for the professional service and why a professional services contract involves a high degree of skill and may be awarded outside the competitive process. At the initiation of any construction project, the method of contractor selection will be documented and maintained in the project file. At the conclusion of any project, contractors will be</p>

<p><b>COLLEGE OF DUPAGE RESPONSE (continued)</b></p>	<p>evaluated to determine the level of satisfaction with their services.</p> <p>The College is also taking steps to define what constitutes a "professional service." Prior to 2015, the College did not have any approved list of services that might qualify as "professional services." In 2015, College personnel developed a proposed list, which was ultimately submitted to the College's then-Senior Vice President Administration and Treasurer. However, the list was not forwarded to the Board. That list was re-submitted to the interim Treasurer on August 23, 2016 for review, and eventual submission to the Board for approval.</p> <p>In addition, during the fourth quarter of 2016, the Board Chairman will bring forward proposals for avoiding conflicts of interest in the awarding of contracts (including professional services contracts), and in the College's dealings with the COD Foundation. Based on the discussion at the exit interview, the College understands that this issue was deemed to be outside the scope of House Resolution 55, and thus, was not examined by the Auditor General (or examined as part of the Auditor General's random sampling methodology. Nevertheless, the College believes it is important to ensure there are adequate controls in place with respect to this issue.</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p><b><u>Auditor Comment #1</u></b></p> <p><i>The audit examined construction contracts to address House Resolution No. 55, which asked the Office of the Auditor General to determine whether the College of DuPage Board of Trustees was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to construction activities.</i></p> <p><i>To answer audit determination number five, we selected all building projects with over \$5 million in expenditures between FY2008 and FY2015 for a more detailed review. We reviewed 12 building projects totaling \$403.7 million including the costs for architecture/engineering, construction management, and total costs. Our review included the selection process used to award the architecture/engineering and construction manager contracts and whether these contracts were in compliance with the Illinois Public Community College Act, Board policies, and administrative procedures for those projects. For a detailed methodology see Appendix B of this report.</i></p> </div>
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**Professional Services**

The College of DuPage Board of Trustees has not **formally** established the types of work that are defined as professional services. As discussed in Chapter Three, the Public Community College Act does not require bidding if a contract is for the services of individuals possessing a

high degree of professional skill (110 ILCS 805/3-27.1). However, there is no guidance in the College’s policies or administrative procedures regarding which items or types of services are considered professional services and, therefore, do not need to be bid. According to College officials, the Purchasing Department utilizes a modified University of Illinois listing of categories of professional services.

The College’s Purchasing Department provided auditors with an **informal** list of professional services. According to College officials at the exit conference, this list was developed in April 2015. We compared the professional services listed for the College of DuPage to those of the University of Illinois (U of I) for Environmental/Construction/Land. The College of DuPage listed 23 types of professional services as Environmental/Construction. The U of I only listed 9 types of professional services as Environmental/Land. The College of DuPage includes work such as Arborist, Landscape Architect, Construction Management Services, and Signage Design as professional services but the University of Illinois does not.

**The list of professional services has not been approved by the Board of Trustees.** Without a Board approved list of professional services that are not required to be competitively procured, the Board does not know if certain professions are receiving preferential treatment and being inappropriately exempted from the competitive procurement process.

<b>PROFESSIONAL SERVICES</b>	
<b>RECOMMENDATION</b>  <b>14</b>	<i>The College of DuPage Board of Trustees should consider establishing, by written policy, the types of procurements that could be classified as professional services that require a high degree of skill and may be exempt from bidding.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.  During the period that was audited (FY 2008-FY 2015), the College did not have any approved list of services that might qualify as "professional services." In 2015, College personnel developed a proposed list, which was ultimately submitted to the College's then-Senior Vice President Administration and Treasurer. However, the list was not forwarded to the Board. That list was re-submitted to the interim Treasurer on August 23, 2016 for review, and eventual submission to the Board for approval.

### **Prequalifying Potential Bidders**

The College does not prequalify firms to bid on construction contracts. We requested a list of firms that were prequalified to bid on College of DuPage construction contracts but officials said such a list had not been established by the College. Without a list of prequalified or preferred vendors by type of work or size that could be used, it is unclear how the College identifies potential bidders.

The Illinois Capital Development Board (CDB) oversees the design and construction of State-funded facilities and manages projects including work at colleges and universities. The Capital Development Board professional services agreements are only awarded to prequalified



architects or engineers and construction managers (44 Ill. Adm. Code 980.110 and 990.110). We reviewed the CDB prequalification listing as of June 2016 and found 202 architectural firms and 18 construction management firms listed in the Chicago metro area (Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will counties).

Prequalifying construction contractors increases the chance of project success and is an effective risk management tool. Establishing a system of prequalification would eliminate bidders who are not responsible before starting the bidding process. A prequalification system would make the bidding process more efficient. Identifying potential bidders is also discussed in the procurement section of Chapter Three of this report.

<b>ESTABLISHING A LIST OF PREQUALIFIED CONTRACTORS</b>	
<b>RECOMMENDATION</b>  <b>15</b>	<i>The College of DuPage should consider establishing a system that prequalifies potential contractors and vendors according to work type and size of project.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.  During the fourth quarter of 2016, the College will consider establishing a system of pre-qualifying potential contractors and vendors and will present a proposal to the Board for consideration.

### **Bid Opening**

The College of DuPage could not always provide documentation of bid openings. For the three contracts for CMs that were competitively procured documentation of bid openings was unavailable. According to College officials, because these contracts were not required to be competitively procured there was no bid opening.

The Illinois Public Community College Act requires that:

*All competitive bids for contracts involving an expenditure in excess of \$25,000 or a lower amount as required by board policy must be sealed by the bidder and **must be opened by a member or employee of the board at a public bid opening** at which the contents of the bids must be announced. (110 ILCS 805/3-27.1)(Emphasis added)*

Without documentation of the bid openings, the College cannot ensure that all bids were opened on the same day or that the opening was conducted by a Board member or employee as is required by law.

There was also no documentation of public notice/advertising available for the three CM contracts that were competitively procured. These procurements were in 2006 and 2008. According to College officials, because of the age of some procurements, documentation was difficult to locate.

### **Board Approval of Final Contracts and Amounts**

The College of DuPage Board of Trustees did not always approve A/E and CM contracts prior to work beginning. For one project (#760 CHC) an additional CM was brought in at the end of the project. However, there was no documentation of a contract and the work was not

approved by the Board until after it was completed. According to the October 20, 2011 Board information, the construction schedule could not be met and, therefore, another firm was hired. The firm billed for services from June through August 2011, but work was not approved by Board until October 2011 (\$54,410). Because the work was over \$50,000, according to the Public Community College Act, it should have also been bid unless it fell under one of the exemptions in the Act. If contracts are not approved prior to work beginning, the Board of Trustees cannot ensure that monies are not being obligated without their knowledge.

For another project, we could not find Board approval of the final contract amounts for the A/E or the CM (#761 HEC). Although the Board approved entering into a contract with the A/E and the CM, no final contract amount was approved.

<b>BID OPENINGS AND BOARD APPROVAL OF FINAL CONTRACTS</b>	
<p><b>RECOMMENDATION</b></p> <p><b>16</b></p>	<p><i>The College of DuPage should:</i></p> <ul style="list-style-type: none"> <li>• <i>document the bidding process and ensure that bids are publicly opened by a member or employee of the Board; and</i></li> </ul> <p><i>The College of DuPage Board of Trustees should:</i></p> <ul style="list-style-type: none"> <li>• <i>approve all final construction contracts and amounts prior to work beginning.</i></li> </ul>
<p><b>COLLEGE OF DUPAGE RESPONSE</b></p>	<p>The College agrees with this recommendation.</p> <p>Since the time period that was audited (FY 2008-FY 2015), the College has taken steps to improve controls in this area.</p> <p>On February 19, 2015, the Purchasing Department implemented a new operating procedure for Competitive Bid Process - Construction. This operating procedure outlines the process for conducting the bid process, including the bid opening, public reading, and recording of bids.</p> <p>Prior to March 2016, only bids were publicly opened. As of March 22, 2016, however, the College has required that all RFPs and RFQs be publicly opened, at which time the Respondent names are announced.</p> <p>In July 2016, a Bid/RFP Process End User Guide was created, and is now posted on the Purchasing Team Site on the Employee Portal. This guide describes the public opening process for Bids/RFPs/RFQs.</p> <p>Procurement files by project are maintained on the shared U drive, accessible by all Purchasing staff. Each electronic file contains all project documentation. Effective July 1, 2016, the file also contains a copy of the signed contract received from the initiator.</p> <p>In the fourth quarter of 2016, the Board will consider policy changes to specify the College employee(s) that are authorized to open bids.</p>

**Contracts**

College officials did not always sign contracts in a timely manner. We found instances of invoices being sent for reimbursement and approval **prior** to the final contract being signed by College officials. For example, the Naperville Regional Center (Project #808) final contract for the CM was approved by the Board on December 19, 2013. The first invoice for \$452,783 was dated June 16, 2014, but the contract was not signed by the College until November 21, 2014. For the Naperville project, a total of \$2,148,592 was approved by the College’s Facilities Planning and Development Department for the construction manager prior to the contract being signed by the College.

Having a signed and executed contract prior to construction beginning is critical to a successful project. Owners lose much of their negotiating leverage by permitting construction to commence before obtaining a signed contract. Further, a written contract executed prior to performing work will greatly assist in avoiding disagreements and misinterpretations.

<b>SIGNED CONTRACTS</b>	
<b>RECOMMENDATION</b>  <b>17</b>	<i>The College of DuPage should ensure that all contracts are signed and executed prior to beginning work on the project.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	<p>The College agrees with this recommendation.</p> <p>Since the time period that was audited (FY 2008-FY 2015), the College has taken (and will continue to take) steps to improve controls in this area. In 2016, the Board approved the creation of an Office of General Counsel ("OGC"). The Board is currently interviewing candidates for the position of General Counsel. It is anticipated that OGC will provide legal review to ensure that all contracts are consistent with the College's policies, and that all contracts are properly executed and accompanied by supporting materials.</p> <p>The creation of OGC will augment recent changes in purchasing procedures. In August 2015, the Purchasing Department adopted an operating procedure for contract approvals. Under that procedure, a copy of a fully executed contract, along with supporting documentation, is required as an attachment to any associated requisition. This ensures that the Purchasing Department has a fully executed contract prior to the PO being released.</p>



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## Chapter Six

# PRESIDENTIAL COMPENSATION AND SEVERANCE

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## CHAPTER CONCLUSIONS

House Resolution No. 55 asked the Office of the Auditor General to determine whether the compensation and severance packages provided to the President of the College of DuPage are comparable to compensation and severance packages provided to Presidents of other Illinois community colleges, and whether changes to the College President's compensation package are properly approved.

We reviewed the original contract and each addendum and amendment to determine if the Board of Trustees had a quorum, posted the agenda 48 hours prior to each meeting, voted on actions, and that the actions were preceded by a public recital of the nature of the matter being considered as is required by the Open Meetings Act (5 ILCS 120/). With the exception of the Third Addendum to the President's contract, the amendments and addendums to the contract met these criteria.

On July 24, 2015, the Illinois Attorney General's Office issued a determination letter regarding whether the College of DuPage Board of Trustees had violated the Open Meetings Act at its July 12, 2011 special meeting in approving the Third Addendum to the President's employment agreement extending his employment to June 30, 2016. The Attorney General's letter concluded that the Board had violated the Open Meetings Act (5 ILCS 120/2(e)) by failing to provide a sufficient public recital of the nature of the action and other information necessary to inform the public of the business being conducted before approving a contract extension for the College President. The letter also directed the Board of Trustees to comply with the Open Meetings Act public recital requirement in the future.

On March 17, 2016, the DuPage County State's Attorney filed a complaint with the circuit court of the Eighteenth Judicial Circuit alleging that the Board of Trustees of the College of DuPage violated the Open Meetings Act during a closed meeting on March 6, 2014. The complaint alleges that the Board of Trustees violated the Open Meetings Act by taking final action in the March 6, 2014 closed meeting and authorizing the Chairman of the Board of Trustees to extend the administrator's (President's) contract. On May 2, 2016, the Board of Trustees voted 4-3 to approve a motion admitting the Board violated the Open Meetings Act when it acted in the March 6, 2014 closed session. On May 5, 2016, an order was signed by a circuit judge affirming that the Board violated the Open Meetings Act.

For the peer group, as defined by the Illinois Community College Board (ICCB), the College of DuPage President had the highest total compensation for all four years reviewed, ranging from \$466,477 in FY2011 to \$495,092 in FY2014. Compensation for other Presidents in the peer group during the four year period ranged from a high of \$445,345 (Moraine Valley FY2012) to a low of \$214,906 (Triton College FY2011).

The College of DuPage Board of Trustees awarded the outgoing President a lump sum severance payment of \$762,868 in January 2015. We collected information for 16 other community colleges from which a president had separated. Only 3 of 16 presidents at the other community colleges we reviewed received a lump sum payment upon separation, ranging from \$380,245 (Moraine Valley) to \$103,269 (Morton College).

Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act by adding a section limiting employment agreements for presidents of Illinois community colleges to no more than four years. The Act also requires that a contract may not include any automatic rollover clauses and all renewals or extensions of contracts must be made during an open meeting of the board. The Act also requires that severance packages under the contract may not exceed one year's salary and applicable benefits. However, the Act does not define what should be included as applicable benefits.

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## **COLLEGE OF DUPAGE PRESIDENT'S COMPENSATION PACKAGE**

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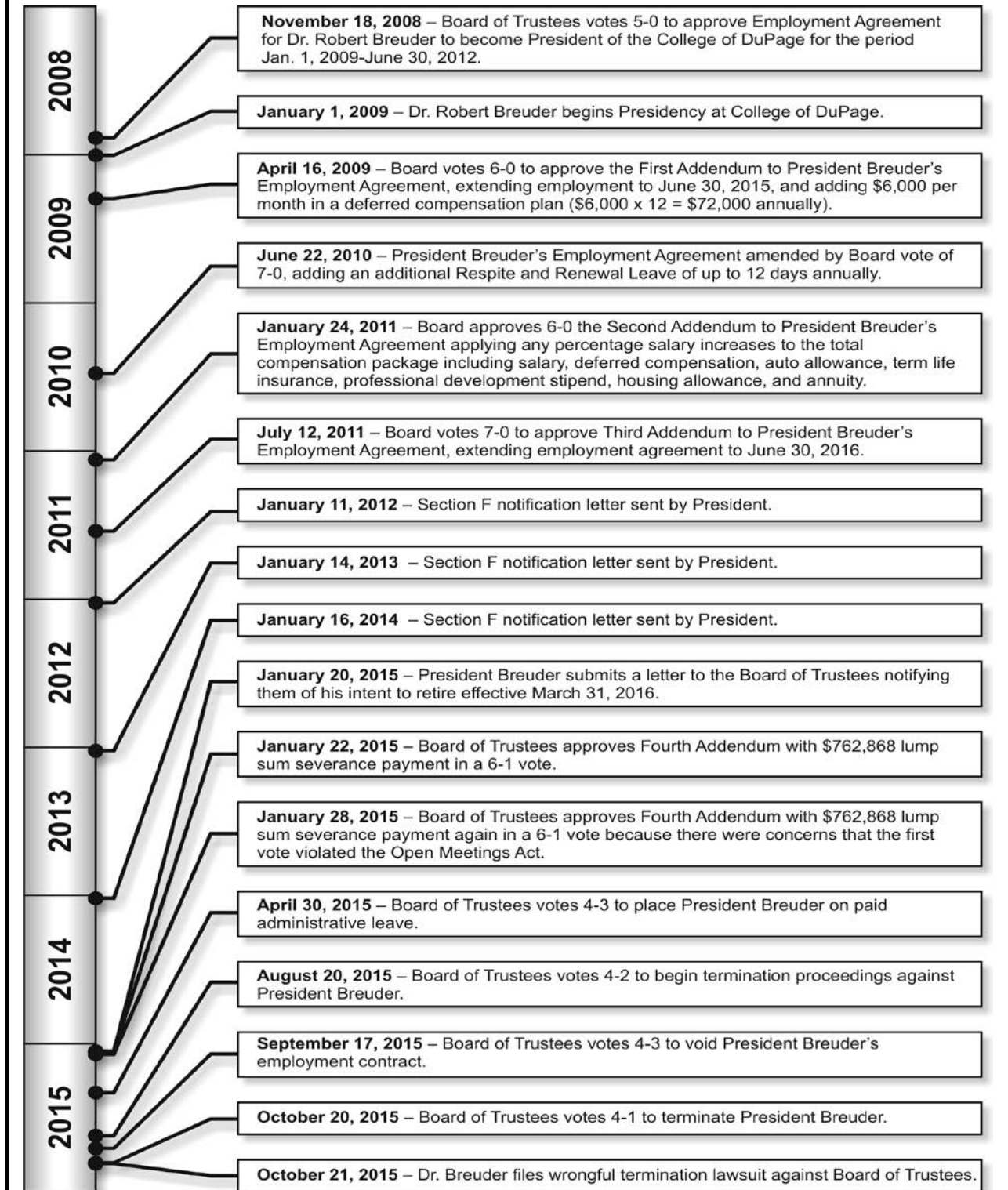
Determination Six of House Resolution No. 55 asked the Office of the Auditor General to determine whether the compensation and severance packages provided to the President of the College of DuPage are comparable to compensation and severance packages provided to Presidents of other Illinois community colleges, and whether changes to the College President's compensation package are properly approved.

### **President's Initial Employment Agreement**

The President of the College of DuPage during the audit period FY2011 through FY2014 was Dr. Robert Breuder. Dr. Breuder's first employment agreement as President of the College was approved by the Board of Trustees and signed on November 18, 2008. The original employment contract was for the period January 1, 2009, to June 30, 2012. The President's beginning annual base salary in that agreement was \$249,000. In addition to base salary, the employment agreement also included:

- On behalf payments to the State Universities Retirement System (SURS) of 8 percent of the President's total compensation in order to pay the employee's portion of the pension contribution (\$15,838 for calendar year 2009);
- \$700 per month automobile allowance (\$8,400 annually);
- \$700 per month professional development stipend (\$8,400 annually);
- \$1,500 per month housing allowance (\$18,000 annually); and
- \$2,075 per month for the optional purchase of life insurance, a tax-sheltered annuity subject to maximum IRS limitations, tax deferred annuity, the purchase of other qualifying public employment for SURS service credit, or any other investment or expense that the President selects (\$24,900 annually).

**Exhibit 6-1  
COLLEGE OF DUPAGE PRESIDENT'S EMPLOYMENT TIMELINE**



Source: OAG summary of President Breuder's employment agreements and Board of Trustee meeting minutes.

The President's benefits in the original employment agreement also included provisions for moving expenses if he chose to move within the district, a \$500,000 term life insurance policy, and reimbursement for the cost of membership in professional organizations and attendance of professional growth seminars, conferences, and conventions. The President's employment agreement also included a provision that he would receive benefits which are commonly extended to all other cabinet-level administrative personnel at the College. These benefits included a cell phone allowance and a one-half percent payment to SURS for health care costs.

#### **First Addendum to the President's Employment Agreement**

The President's employment agreement was first amended, only three and one half months after he started, by an addendum which was approved by a 6-0 vote of the Board, on April 16, 2009. The first addendum extended the agreement termination date three additional years to June 30, 2015. It also added an additional benefit of \$6,000 per month (\$72,000 annually) which would be contributed to a deferred compensation plan for the President. This new benefit was also made retroactive to January 1, 2009, and increased each year by the percent increase that the Board awarded the President on his annual compensation for that contract year.

#### **2010 Amendment to the President's Employment Agreement**

The President's employment agreement was amended again on June 22, 2010. The Board voted 7-0 to approve an amendment making the President eligible to receive annual Respite and Renewal Leave of up to 12 days to be taken during the time period of the end of the Spring Semester and the beginning of the Fall Semester. This was in addition to 25 days of vacation and 5 personal days that the President was allowed per the original employment agreement, bringing his allowable paid time off to a total of 42 days annually.

#### **Second Addendum to the President's Employment Agreement**

The President's employment agreement was amended again by a second addendum which was approved by a 6-0 vote of the Board on January 24, 2011. The second addendum applied the annual percentage increase in base salary to the total value of the President's compensation package.

#### **Third Addendum to the President's Employment Agreement**

The President's employment agreement was amended again by a third addendum which was approved by the Board 7-0 on July 12, 2011. The third addendum extended the President's employment agreement an additional year to June 30, 2016.

#### **Fourth Addendum – Separation Agreement**

President Breuder sent a letter to the Board of Trustees dated January 20, 2015, notifying them of his intent to retire on March 31, 2016. On January 22, 2015, the College of DuPage Board of Trustees voted 6-1 to approve a separation agreement with Dr. Breuder that included a \$762,868 lump sum payment. The agreement also included that the College would name its new Homeland Security Education Center after Dr. Breuder and name him President Emeritus. On January 28, 2015, the Board voted again on the separation agreement because officials were concerned that the first vote may have violated the Open Meetings Act. The Board approved the retirement package again by a 6-1 vote.



## APPROVAL OF CHANGES TO EMPLOYMENT CONTRACTS

House Resolution No. 55 asked the Office of the Auditor General to determine if changes to the College of DuPage President’s compensation package were properly approved. We reviewed the original employment contract, amendments, and addenda to determine if they were approved in accordance with the Illinois Public Community College Act. The Public Community College Act requires that community colleges comply with the Illinois Open Meetings Act (110 ILCS 805/1-3).

The Open Meetings Act (5 ILCS 120/) requires community college boards to have a quorum, post their agendas 48 hours prior to each meeting, vote on actions, and that actions be preceded by a public recital of the nature of the matter being considered. We reviewed the Board documents and watched the video recordings of the Board meetings for the original contract of the President and each addendum to determine if these basic criteria were met. As shown in Exhibit 6-2, based on the available information we concluded that **with the exception of the third addendum**, the amendments and addendums to the contract met these criteria. The Attorney General’s review of the third addendum is discussed below.

The Open Meetings Act (5 ILCS 120/) requires community college boards to have a quorum, post their agendas 48 hours prior to each meeting, vote on actions, and that actions be preceded by a public recital of the nature of the matter being considered.

Exhibit 6-2 PRESIDENT BREUDER CONTRACT APPROVAL						
Item Approved	Date Approved	Quorum	48 Hour Notice <sup>1</sup>	Listed on Agenda <sup>2</sup>	Public Recitation of Agenda Item	Compliance with Open Meetings Act
Contract	11/18/2008	Yes	Unknown	Yes	Yes	Yes
1 <sup>st</sup> Addendum	4/16/2009	Yes	Unknown	Yes	Yes	Yes
2010 Amendment	6/22/2010	Yes	Unknown	Yes	Yes	Yes
2 <sup>nd</sup> Addendum	1/24/2011	Yes	Unknown	Yes	Yes	Yes
3 <sup>rd</sup> Addendum	7/12/2011	Yes	Yes	Yes	<b>No</b>	<b>No</b>
4 <sup>th</sup> Addendum	1/28/2015	Yes	Yes	Yes	Yes	Yes

Notes: <sup>1</sup>According to the College a new system for the website was installed in 2012 and information regarding posting the agenda on the website is not available prior to that time.

<sup>2</sup>The 2010 Amendment, 2<sup>nd</sup> Addendum and 3<sup>rd</sup> Addendum were listed on the agenda as part of the Personnel Actions section of the Consent Agenda.

Source: OAG analysis of College of DuPage documents.

### Board Approval of the First Addendum

The first addendum to the President’s employment contract was approved on April 16, 2009, by the Board. The approval occurred between the time of the election (April 9, 2009) and the time that the newly elected Board was seated (April 28, 2009). The DuPage County State’s Attorney reviewed the action and determined that because the new Board was not seated until April 28, 2009, the Trustees were still empowered to carry out the duties of their office on April 16, 2009.

**Attorney General Review of the Third Addendum**

On July 24, 2015, in response to a complaint filed with the Illinois Attorney General’s Office, the Attorney General issued a determination letter regarding whether the College of DuPage Board of Trustees had violated the Open Meetings Act at its July 12, 2011, Board of Trustees special meeting. At that meeting, the Board approved the third addendum to the President’s employment agreement extending his employment to June 30, 2016. The Attorney General’s letter concluded that the Board had violated the Open Meetings Act (5 ILCS 120/2(e)) by failing to provide a sufficient public recital of the nature of the action and other information necessary to inform the public of the business being conducted before approving a contract extension for the College President. The letter also directed the Board of Trustees to comply with the Open Meetings Act public recital requirement in the future.

In accordance with the Open Meetings Act, the State’s Attorney for each county determines whether violations are prosecuted. On September 11, 2015, the DuPage County State’s Attorney issued a letter to the College of DuPage Board of Trustees Chair. The letter concluded that it was the opinion of the State’s Attorney that the former Board’s violation of the Open Meetings Act in July 2011 did not impact the validity of the Third Addendum to Dr. Breuder’s contract.

The letter further stated that the State’s Attorney did not believe that the provisions of Section F of the President’s employment agreement, in and of themselves, constituted a violation of the Open Meetings Act. Section F of the President’s employment agreement is discussed below. By not complying with the Open Meetings Act, the Board of Trustees did not give the public an opportunity to take part in and scrutinize the decision-making process. Further, the non-compliance left the College open to legal challenges.

<b>OPEN MEETINGS ACT COMPLIANCE</b>	
<b>RECOMMENDATION</b>  <b>18</b>	<i>The College of DuPage Board of Trustees should comply with the Open Meetings Act, including the public recital requirement, in all future final actions related to employment contracts.</i>
<b>COLLEGE OF DUPAGE</b>  <b>RESPONSE</b>          <b>(Continued on next page)</b>	The College agrees with this recommendation.  Since 2015, the Board has publicly recited the nature of all final actions and has complied with the Open Meetings Act. The College recognizes that the Auditor General’s examination was limited in scope to whether the notice and recital requirements of the Open Meetings Act were satisfied for the open meetings at which formal addenda were approved (and did not, accordingly, touch upon the legality of the "Section F extensions," the term of Dr. Breuder’s contract, whether the terms of that contract improperly abrogate other elements of the Open Meetings Act in violation of public policy, or other legal issues affecting that contract). Based on discussion during the exit interview, the College understands that the Auditor General declined to examine such issues, in part, due to ongoing investigations and legal proceedings. However, the College has taken steps to ensure that other potential infirmities associated with Dr. Breuder’s contract

<p><b>COLLEGE OF DUPAGE RESPONSE (continued)</b></p>	<p>are not repeated. Accordingly, the Board has discontinued the practice of entering into contracts that: (1) exceed the permissible term under Illinois law; and (2) purport to permit extensions without formal Board action in an open meeting.</p> <div data-bbox="623 359 1377 787" style="border: 1px solid black; padding: 5px;"> <p><b><u>Auditor Comment #2</u></b></p> <p><i>The audit examined the approval of changes to the President’s contract. Section F of the President’s employment agreement is discussed in detail on pages 87-88 of this report, including that on May 5, 2016, an order was signed by a circuit judge affirming that the Board violated the Open Meetings Act. Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act and added language that a contract may not include any automatic rollover clauses, and all renewals or extensions of contracts must be made during an open meeting of the board (110 ILCS 805/3-65 (b)(3)).</i></p> </div> <p>Moreover, recognizing the ambiguity of Public Act 99-482 not defining what should be included as applicable benefits, the new President’s current contract limits the scope of any severance package to no more than 75% of annual base salary.</p>
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**Section F of the President’s Employment Agreement**

Section F of the original employment agreement between the College of DuPage and Dr. Breuder contained a section allowing for a passive renewal/extension of the term of the President’s employment. Section F states that:

*On or before April 1, 2010 and April 1 of each year thereafter, the term of this Agreement will be automatically extended for an additional one (1) year period unless either party provides to the other, prior to the 15<sup>th</sup> day of March of such Agreement year, written notice of his or its intention to terminate this Agreement at the end of the then-current Agreement term which expires no earlier than June 30, 2012 but may be extended as provided in this Agreement. **The President will notify in writing the Chairperson of the Board by February 1 of each such year that failure of the Board to give the President notice of intent not to extend the Agreement will extend this Agreement one (1) additional year.** The failure of the President to give the written reminder notice to the Chairperson of the Board waives the obligation of the Board hereunder to give its written notice of intent by March 15. The Board’s notice need not be acted upon publicly, but authorization to give such notice will be recorded in the closed session minutes of the Board. (Emphasis added)*

On October 8, 2015, we requested copies of all Section F letters submitted annually by Dr. Breuder to the Board Chairperson. The College provided us with three letters from Dr. Breuder dated January 11, 2012, January 14, 2013, and January 16, 2014. Although none of the three letters contained a date stamp, each one had a handwritten note by an administrative assistant of the College with the date the letter was sent. Two of the three letters were unsigned by Dr. Breuder. Two of the three letters were addressed directly to the Board Chair’s home

address. All three letters provided appear to have been faxed to the College on December 12, 2014.

We reviewed minutes from open Board meetings for January through March of 2012, 2013, and 2014 and could not find evidence of Board acknowledgement of the extension of the President’s contract for an additional year. The only evidence we could obtain that the Board had received the letters was the January 16, 2014 letter. For this letter, we were provided with an email dated March 7, 2014, from the Chairperson of the Board of Trustees at the time to Dr. Breuder, confirming that a majority of the Board accepted and authorized the one-year contract extension up to and including June 30, 2019. Per the President's employment agreement he was only required to notify the Chair.

On March 17, 2016, the DuPage County State’s Attorney filed a complaint with the circuit court of the Eighteenth Judicial Circuit alleging that the Board of Trustees of the College of DuPage violated the Open Meetings Act during a closed meeting on March 6, 2014. The complaint alleges that the Board of Trustees violated the Open Meetings Act by taking final action in the March 6, 2014 closed meeting by authorizing the Chairman of the Board of Trustees to extend the administrator’s (President’s) contract. On May 2, 2016, the Board of Trustees voted 4-3 to approve a motion admitting the Board violated the Open Meetings Act when it acted in the March 6, 2014 closed session. On May 5, 2016, an order was signed by a circuit judge affirming that the Board violated the Open Meetings Act.

Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act and added language that a contract may not include any automatic rollover clauses, and all renewals or extensions of contracts must be made during an open meeting of the board.

<b>BOARD CORRESPONDENCE AND ACTIONS</b>	
<b>RECOMMENDATION</b>  <b>19</b>	<i>The College of DuPage Board of Trustees should maintain documentation of all Presidential employment correspondence between the President and the Board of Trustees.</i>
<b>COLLEGE OF DUPAGE RESPONSE</b>	The College agrees with this recommendation.

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### **TOTAL COMPENSATION**

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We obtained payroll and other compensation information from the College of DuPage for 2011 through 2014 and analyzed the information received from the College to identify the total compensation received by the President for each year. Our analysis showed that the President’s base or regular salary only accounted for about 60 percent of his total compensation for the time period 2011 through 2014. In 2011, for example, the President’s total compensation was \$443,450. However, his base salary was only \$264,991 or 60 percent of total compensation. In 2014, the President’s total compensation was \$477,725 of which \$298,767 was base salary or 63 percent of total compensation. The remaining 37 percent of his total compensation consisted of

life insurance, deferred compensation, allowances for housing and a car, and other fringe benefits (see Exhibit 6-3). The College also paid the employee's portion of the President's State Universities Retirement System (SURS) contribution for pension and healthcare.

Exhibit 6-3 <b>COLLEGE OF DUPAGE PRESIDENT TOTAL COMPENSATION</b> Calendar Years 2011-2014				
Type of Compensation	2011	2012	2013	2014
Regular Pay/Base Salary	\$264,991	\$278,386	\$287,721	\$298,767
Professional Development	\$8,783	\$9,310	\$9,622	\$9,993
Life Insurance	\$35,720	\$34,264	\$33,466	\$32,862
Deferred Compensation	\$79,351	\$79,293	\$79,351	\$79,621
Housing Allowance	\$20,456	\$19,950	\$20,619	\$21,414
Car Allowance	\$9,546	\$9,310	\$9,622	\$9,993
Cell Phone	\$2,136	\$2,136	\$2,136	\$2,136
SURS – Employee's Portion	\$20,633	\$21,729	\$20,550	\$20,901
SURS – Health Care	\$1,833	\$1,919	\$1,973	\$2,039
<b>Total Compensation</b>	<b>\$443,450</b>	<b>\$456,298</b>	<b>\$465,060</b>	<b>\$477,725</b>

Note: Compensation information presented in this exhibit was compiled using data from the College of DuPage accounting system. Salary and benefit information presented in other exhibits in this chapter is from the ICCB salary database which contains information self reported by community colleges and may not match data in this exhibit. Totals may not add due to rounding.

Source: OAG analysis of College of DuPage payroll data.

### **Comparison to Other Community College Presidents' Compensation Packages**

Because the College of DuPage is the largest community college in the State, it is difficult to find community colleges in Illinois that are comparable. There are also many factors that may influence the comparability and compensation that a community college president receives such as the location of the college (Chicago or downstate) and length of tenure at the college they are serving.

The Illinois Community College Board (ICCB) collects information annually regarding the salaries of officials at Illinois community colleges. This information is self reported by each community college to the ICCB. The ICCB produces annual reports that show salaries at Illinois community colleges for different types of employees, including the presidents. In these reports the data is presented by peer groups with statewide totals. The seven peer groups in the ICCB annual salary reports are based on a combination of factors including college enrollment, geographic location, and financial data. The College of DuPage's peer group in these reports includes: Harper College, Joliet Junior College, College of Lake County, Moraine Valley Community College, Oakton Community College, and Triton College.

We requested a download of salary information reported to the ICCB by the community colleges including the base salary and fringe benefits. The amount of total compensation reported to ICCB for FY2014 for presidents at Illinois community colleges that served the entire year ranged from \$126,540 at Spoon River Community College to \$495,092 at the College of DuPage. For FY2014, the next highest total compensation reported to ICCB for a community

college president in Illinois was \$423,259 at Lewis and Clark Community College. For a full listing of all community colleges and each president’s total compensation see Appendix C.

As is shown in Exhibit 6-4, for the peer group, the College of DuPage President had the highest total compensation for all four years reviewed ranging from \$466,477 in FY2011 to \$495,092 in FY2014. For FY2011 through FY2012, Moraine Valley Community College had the second highest presidential total compensation reported to the ICCB at \$411,073 and \$445,345, respectively. For FY2013 through FY2014, Harper College had the second highest compensation reported at \$370,742 and \$376,952.

Exhibit 6-4 <b>COMPARISON OF THE PRESIDENT OF THE COLLEGE OF DUPAGE                      SALARY AND BENEFITS TO ICCB PEER GROUP</b> Fiscal Years 2011-2014				
College	FY2011 Total Compensation	FY2012 Total Compensation	FY2013 Total Compensation	FY2014 Total Compensation
College of DuPage	\$466,477	\$482,872	\$485,450	\$495,092
Harper College	\$340,420	\$363,734	\$370,742	\$376,952
Oakton Community College	\$313,106	\$324,180	\$333,441	\$348,380
College of Lake County	\$303,088	\$309,943	\$321,779	\$323,033
Moraine Valley	\$411,073	\$445,345	\$250,191	\$267,745
Triton College	\$214,906	\$237,647	\$263,074	\$244,827
Joliet Junior College	\$237,130	\$234,472	\$221,034	\$227,230

Note: Information presented in this exhibit is **self reported** to ICCB by community colleges and is unaudited. Total compensation includes fringe benefits which may include employee benefits, annuities, retirement enhancements, and bonuses.

Source: OAG summary of ICCB data.

## Benefits and Other Compensation

As shown in Exhibit 6-5, base salaries varied substantially even among the peer group for FY2014. Base salaries reported to the ICCB for FY2014 varied from a high of \$292,739 at the College of DuPage to \$196,270 at Joliet Junior College. The benefits and other compensation also varied.

Exhibit 6-5 COLLEGE OF DUPAGE PRESIDENT AND PEER GROUP COMPARATIVE ANALYSIS OF TOTAL COMPENSATION Fiscal Year 2014						
Name	Base Salary	Employee Benefits	Annuities	Retirement Enhancements	Bonus	Total
College of DuPage	\$292,739	\$127,772	\$0	\$74,581	\$0	\$495,092
Harper College	\$260,969	\$65,983	\$0	\$0	\$50,000	\$376,952
Oakton College	\$259,066	\$9,936	\$0	\$0	\$79,378	\$348,380
College of Lake County	\$241,118	\$60,765	\$21,150	\$0	\$0	\$323,033
Moraine Valley	\$212,688	\$18,785	\$7,500	\$0	\$28,772	\$267,745
Triton College	\$244,827	\$0	\$0	\$0	\$0	\$244,827
Joliet Junior College	\$196,270	\$18,673	\$10,000	\$0	\$2,287	\$227,230

Note: Information presented in this exhibit is **self reported** to ICCB by community colleges and is unaudited.  
Source: OAG summary of ICCB data.

For FY2014, the employee benefits (such as deferred compensation and housing allowance) paid to the College of DuPage President were more than double those paid to five of the six other community college presidents in the peer group. The College of DuPage was the only college in the peer group that reported retirement enhancements (\$74,581). Although no other college president in the peer group received retirement enhancements, 4 of the 7 received bonuses which the College of DuPage did not. For instance, Oakton Community College reported paying its president a bonus of \$79,387 and Harper College reported paying its president a bonus of \$50,000 in FY2014. Annuities were received by 3 of the 7 college presidents in the peer group.

We obtained the employment contracts for each community college president in the peer group and analyzed the benefits offered in each employment agreement (see Exhibit 6-6). These agreements showed that:

- four of seven received a housing allowance or were reimbursed for housing expenses;
- all seven either received a car or a car allowance;
- all seven received life insurance as a benefit;
- all seven of the colleges paid the employee portion of their president's State Universities Retirement System (SURS) pension contributions;
- all seven received either an annuity, deferred compensation, or other additional retirement plan benefits (i.e., 403(b) plan) in addition to their SURS pension;

- four of seven received a cell phone allowance or were provided with a cell phone or other technology such as a computer or home internet connection; and
- four of seven received health insurance premiums for the President and dependents paid for by the college.

Exhibit 6-6 COLLEGE OF DUPAGE AND PEER GROUP PRESIDENTIAL BENEFITS COMPARISON							
Type of Compensation	College of DuPage	Harper College	Joliet Junior College	College of Lake County	Moraine Valley	Oakton Community College	Triton College
College Pays Employee's SURS Portion	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other Retirement or Deferred Compensation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Vehicle or Allowance	Allowance	Allowance/ Provided	Provided	Allowance	Provided	Provided	Provided
Cell Phone/ Technology	Yes	No	Yes	Yes	No	No	Yes
Conferences Reimbursed	Yes	No Provisions	Yes	No Provisions	Yes	No Provisions	No Provisions
Professional Development	Yes	Yes	No Provisions	Yes	No Provisions	No Provisions	No Provisions
Housing	Allowance	Allowance	Reimbursed	Allowance	No	No	No
Life Insurance	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Paid Health Insurance	Same as provided to other administrators	Yes	Same as provided to other administrators	Yes	Yes	Yes	Same as provided to other administrators
Moving Expenses	Yes	Yes	Yes	Yes	No	No	No
Memberships	No	No	Yes	No	No	Yes	No
Other Benefits	\$2,075/mo for misc. uses; College pays SURS healthcare contribution; College pays for annual physical	\$22,700/yr for misc. uses; College pays for annual physical	College pays SURS healthcare contribution; College pays for annual physical; and community event tickets	Paid for work prior to starting as president; College pays for annual physical	None	\$11,000/yr for a \$750,000 life insurance policy, disability policy, or tax sheltered annuity	College pays Medicare contribution and annual physical

Note: Information presented in this exhibit is for the most recent contract for each president.  
Source: Illinois Community Colleges' presidential employment contracts.

## SEVERANCE PACKAGES

In January 2015, the Board of Trustees for the College of DuPage approved a severance package for the President of the College that included a lump sum payment of \$762,868. House Resolution No. 55 asks the Office of the Auditor General to determine whether the severance



package provided to the College of DuPage president is comparable to severance packages provided to presidents of other Illinois community colleges.

The ICCB provided auditors with a list of all presidents/chancellors of Illinois community colleges. By analyzing this list we were able to identify community colleges in which there was a change in administration and, therefore, there may have been a severance agreement. For comparison purposes we selected community colleges that were either:

- in the ICCB's peer group with the College of DuPage and there had been a change in administration during the period 2011-2015; or
- were outside the peer group and there was a change of administration during 2014 or 2015.

In addition to the College of DuPage, we asked 16 other community colleges to provide information regarding severance packages/agreements. Of the 16 other community colleges, seven had severance/separation agreements with presidents or the original contract agreement contained the severance terms. Nine community college presidents separated without any additional compensation.

Many factors may influence severance pay and separation agreement terms such as the salary of the president, length of employment at the college, whether the president retired or resigned, and the time remaining on the current employment contract. There is also the issue of quantifying the amount of benefits such as healthcare that are offered as part of a severance agreement. Therefore, it can be difficult to compare individual community colleges because of these factors. For example, of the eight presidents that had some form of severance agreement:

- two presidents retired at the conclusion of their contracts;
- one president left with six months remaining on their contract and was paid through the end of the contract; and
- four presidents had more than one year remaining on their employment contracts at the time they separated.

The forms of severance compensation we identified were either a lump sum payment or continuing on payroll for a certain amount of time after the date of separation. For the colleges reviewed, including the College of DuPage, we identified six community college presidents that received severance payments. Of the six community colleges with severance packages, four made lump sum payments and two had salaries that continued past the separation date. Of the six community colleges that offered lump sum payments or salary continuation, the College of DuPage president had the most time remaining on his employment contract with over three years.

We also identified one community college that did not provide a severance payment but gave the president an \$8,000 tax-sheltered annuity upon retirement. Another college did not provide post-retirement payments but did allow for life insurance and health insurance coverage to continue after the president retired. Some of the agreements also included other benefits, including five that provided some sort of health insurance past the president leaving.

Exhibit 6-7 summarizes eight college presidents and their severance/separation agreements. Other non-monetary benefits included the College of DuPage President being

granted emeritus status and naming a building after him, and the Moraine Valley Community College President being named President Emeritus.

The College of DuPage and three other colleges agreed to lump sum payments to outgoing presidents. Moraine Valley Community College used a formula based on years of service and the average monthly salary, and Morton College provided a payment worth 6 months of salary. From documentation provided, we could not determine the basis used to determine the payment amounts for the College of DuPage and John A. Logan Community College. Moraine Valley’s longtime president received the severance package at retirement, whereas the other presidents left their positions prior to the scheduled employment contract end date.

Exhibit 6-7 SELECTED ILLINOIS COMMUNITY COLLEGES SEVERANCE AGREEMENTS				
College	Tenure	Payment Type	Amount	Other Benefits
College of DuPage	2009-2015	Lump Sum	\$762,868	Retirement benefits provided to all administrators (reimbursed for health insurance premium, paid life insurance policy for 5 years).
Moraine Valley Community College	1991-2012	Lump Sum determined by a formula based on years of service and average monthly salary	\$380,245	Board paid family medical insurance for the rest of his natural life. Continued to be provided with home office equipment (computer, printer, internet, etc.) and a suitable on-campus office.
Morton College	2012-2015	Lump Sum of 6 months' salary	\$103,269	College paid COBRA payments for 6 months.
John A. Logan College	2012-2015	Lump Sum	\$290,000	None
Black Hawk College	2012-2014	Paid for 6 months after departure	\$90,125	None
Malcolm X College (City Colleges of Chicago)	2011-2015	Paid for 3 months after departure	\$43,563	Health insurance coverage continued for 3 months after departure.
Triton College	2002-2015	Tax-Sheltered Annuity	\$8,000	Health insurance and life insurance paid through age 70. Had a consultant contract for March 9, 2015 to March 11, 2016 that paid \$6,000 per month.
Kaskaskia College	2001-2015	None	N/A	Final employment contract with the college provided for life insurance coverage effective through the president's death and health insurance coverage for the president and spouse to continue until terminated by the president.

Source: Illinois Community Colleges.

As shown in Exhibit 6-8, three college presidents received severance payments worth more than one year’s base salary. The salary used for the calculation was the salary the president

received or was scheduled to receive at the separation date. Public Act 99-482, which is discussed in the next section of this chapter, now limits severance to one year’s salary and applicable benefits. However, the Public Act does not define what applicable benefits are so it is difficult to determine what benefits should be included in that calculation. For example, in Fiscal Year 2015 the College of DuPage president received total compensation of \$484,355 which included benefits such as deferred compensation, housing, stipends, car allowance, etc. Based on that compensation the severance payment would equal 1.6 years of total compensation including all benefits. However, if using only base salary this amount would be equal to 2.4 years of base salary.

Exhibit 6-8 LUMP SUM SEVERANCE PAYMENTS				
College	Separation Date	Severance Payment	Base Salary At Separation	Severance as Years of Base Salary
College of DuPage	March 31, 2016 <sup>1</sup>	\$762,868	\$314,034	2.4
John A. Logan College	October 17, 2015	\$290,000	\$177,979	1.6
Moraine Valley Community College	June 30, 2012	\$380,245	\$354,223	1.1
Morton College	June 12, 2015	\$103,269	\$206,538	0.5

Note: <sup>1</sup> While the president at the College of DuPage was scheduled to receive the severance package in March 2016, a new Board of Trustees voted in October 2015 to terminate his employment without any additional compensation.

Source: OAG analysis of Illinois Community Colleges data.

The separation agreement for the College of DuPage president was approved by the Board on January 28, 2015, and the president was scheduled to leave the College in March 2016, more than one year later. According to the College of DuPage president’s employment agreement’s fourth addendum, on April 25, 2014, the President had expressed an interest in retiring effective March 31, 2016. The President informed the Board in a January 20, 2015 letter that he would retire as President of the College of DuPage at the close of business on March 31, 2016.

## PUBLIC ACT 99-482

Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act by adding a section limiting employment agreements. The Act now requires:

- A contract with a determinate start and end date that may not exceed 4 years.
- A contract may not include any automatic rollover clauses, and all renewals or extensions of contracts must be made during an open meeting of the board.
- Public notice, in a form as determined by the State Board (Illinois Community College Board), must be given of an employment contract entered into, amended, renewed, or extended and must include a complete description of the action to be taken, as well the contract itself, including all addendums or any other documents that change an initial contract.

The Act also requires that severance packages under the contract may not exceed one year's salary and applicable benefits. However, the Act does not define what should be included as applicable benefits.

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## Chapter Seven

# FOUNDATION TRANSACTIONS

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## CHAPTER CONCLUSIONS

House Resolution No. 55 asked the Auditor General to determine, based on records obtained from the College of DuPage, the amount and purposes of all transactions occurring in Fiscal Years 2009 and 2010 between the College of DuPage and the College of DuPage Foundation and whether those transactions followed all applicable laws, policies, and procedures. The College implemented a new accounting system in FY2011. Consequently, obtaining detailed information regarding transactions between the Foundation and the College for FY2009 and FY2010 was problematic.

According to the records provided by the College of DuPage, support from the Foundation increased from over \$270,000 during FY2009 to almost \$1 million for FY2010. This was due primarily to an increase in program support (academic and athletic support) by the Foundation, including \$473,273 for facilities construction. For payments from the College to the Foundation, funds were relatively the same each year, only increasing from \$73,340 in FY2009 to \$75,548 in FY2010.

We reviewed a sample of 20 transactions between the College and the Foundation for the period FY2009-FY2010. We reviewed 10 transactions in which funds were sent from the College to the Foundation and 10 transactions in which funds were sent from the Foundation to the College.

Because of the age of these transactions and because a different accounting system was used by the College during the time period specified in House Resolution No. 55, the College of DuPage Department of Financial Affairs officials had to manually compile records from the prior accounting system to identify these transactions. The manual review involved searching through reports and general ledger activities to find transactions that involved the College and the Foundation. The College of DuPage was not always able to provide documentation of transactions between the College and the Foundation for the period FY2009-FY2010. The College's records retention policy **only requires cash receipts to be retained for two years.**

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## TRANSACTIONS BETWEEN THE COLLEGE AND FOUNDATION

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House Resolution No. 55 asked the Auditor General to determine, based on records obtained from the College of DuPage, the amount and purposes of all transactions occurring in Fiscal Years 2009 and 2010 between the College of DuPage and the College of DuPage Foundation and whether those transactions followed all applicable laws, policies, and procedures.

Established as a 501(c)(3) not-for-profit in 1967, the College of DuPage Foundation raises money and in-kind gifts to increase access to education and to enhance cultural opportunities for the surrounding community. According to the College of DuPage Fiscal Year 2014 Comprehensive Annual Financial Report (CAFR), the Foundation had net assets of \$14,471,052 as of June 30, 2014.

We reviewed the Illinois Public Community College Act for requirements regarding transactions between community colleges and foundations and found that there are **no** specific requirements. We also reviewed the Board of Trustees Policy Manual and the College's Administrative Procedures Manual but could not find any requirement that specifically discusses transactions between the Foundation and the College.

We obtained a June 22, 2009, Memorandum of Understanding between the College and the Foundation that lists the Foundation's responsibilities and relationship to the College and the College's responsibilities and relationship to the Foundation.

**Foundation responsibilities** include:

- conducting fundraising efforts;
- cultivating donors;
- having an annual audit conducted;
- providing money for new program development;
- providing scholarships;
- maintaining and managing an endowment;
- paying or reimbursing the College President for expenses related to fundraising activities; and
- otherwise advancing the College/Foundation.

The **College's responsibilities** include:

- providing office space for the Foundation;
- paying for the Foundation's expenses for printing and promotional materials in connection with fundraising activities;
- assisting in marketing services;
- providing information technology support;
- helping to pay the salaries of Foundation employees;
- assigning College personnel to assist the Foundation; and
- providing an accurate accounting of expenses that will be paid from Foundation resources.

**Fiscal Year 2009-2010 Transactions**

The College implemented a new accounting system in FY2011; consequently, obtaining detailed information regarding transactions between the Foundation and the College for FY2009 and FY2010 was problematic. On July 1, 2010, the Finance Office transitioned over from a mainframe financial system to an ERP (Enterprise Resource Planning) system. ERP is business process management software that allows an organization to use a system of integrated applications to manage the business. Because of the age of these transactions and because a different accounting system was used by the College during the time period specified in House Resolution No. 55, the College of DuPage Department of Financial Affairs officials had to manually compile records from the prior accounting system to identify these transactions. The manual review involved searching through electronic reports and general ledger activities to find transactions that involved the College and the Foundation.

According to the records provided by the College, support from the Foundation increased from over \$270,000 during FY2009 to almost \$1 million for FY2010 (see Exhibit 7-1). This was

due primarily to an increase in program support, including \$473,273 for facilities construction. Meanwhile the payments from the College to the Foundation stayed basically the same, only increasing from \$73,340 in FY2009 to \$75,548 in FY2010. The transactions provided do not include in-kind contributions to and from the Foundation. Based on the data provided by the College, we identified several different types of transactions.

**Funds Received by the College from the Foundation**

The Foundation receives funds from various sources which can be used to provide support to the College. One type of transaction identified in the information provided by the College involves cash received from the Foundation in the form of scholarships. As is shown in Exhibit 7-1, the Foundation provided \$212,741 in scholarships in FY2009 and \$275,885 in scholarships in FY2010.

The Foundation also provided funds to the College in the form of program support. This includes money to support theater and musical performance as well as athletic and academic support. The amount provided by the Foundation for program support increased from \$60,000 in FY2009 to \$684,273 in FY2010, according to the manually compiled information provided by the College. Our review of documentation showed that \$473,273 in foundation support for FY2010 (\$300,000 for Athletic Support and \$173,273 for Academic Support Center Support) was provided for construction purposes.

Exhibit 7-1 <b>SUPPORT FROM THE FOUNDATION TO THE COLLEGE</b> Fiscal Years 2009-2010		
	FY2009	FY2010
<b>Foundation Support</b>		
Scholarships Received	\$212,741	\$275,885
<b>Program Support</b>		
Buffalo Theatre	-	\$6,000
“Friends of MAC” (McAninch Arts Center Donor & Volunteer Activities)	-	\$5,000
MAC Operations	\$20,000	\$70,000
MAC Touring	-	\$90,000
New Philharmonic	\$20,000	\$40,000
Nursing Support	\$20,000	-
Athletics Support	-	\$300,000
Academic Support Center Support	-	\$173,273
<b>Total Program Support</b>	<b>\$60,000</b>	<b>\$684,273</b>
<b>Total Received from Foundation</b>	<b>\$272,741</b>	<b>\$960,158</b>
Source: College of DuPage Department of Financial Affairs.		

**Funds Paid to the Foundation by the College**

The information provided by the College included two types of payments made by the College to the Foundation. These include deposits “Due To” Foundation payments and other cash payments.

Deposits classified as “Due To” Foundation payments were transactions that were recorded as a reduction in receivables. These transactions totaled \$57,389 in FY2009 and \$30,039 for FY2010 (see Exhibit 7-2). According to College officials, during the course of the year the College may receive funds that will later be remitted to the Foundation (i.e., a donation that was written to the College instead of the Foundation). Instead of the College sending those checks to the Foundation, those deposits are remitted to the Foundation as a reduction in the Foundation Receivable Account. For example, if in one month the Foundation owes the College \$15,000 and the College owes the Foundation \$2,000, Financial Affairs would deduct \$2,000 from the amount the Foundation owes and the Foundation would pay the College \$13,000 instead of \$15,000. From our review, two reasons for receivables reductions appear to be donations received and refunds of awarded scholarships.

Exhibit 7-2 <b>PAYMENTS TO THE FOUNDATION FROM THE COLLEGE</b> Fiscal Years 2009-2010		
Type of Payment	FY2009	FY2010
Deposits “Due To” Foundation Payments	\$57,389	\$30,039
Other Cash Payments to Foundation	\$15,951	\$45,509
<b>Total Paid to Foundation</b>	<b>\$73,340</b>	<b>\$75,548</b>
Source: College of DuPage Department of Financial Affairs.		

Other cash payments to the Foundation were payments for payroll deductions and other deposits due to the Foundation. These payments from the College to the Foundation totaled \$15,951 for FY2009 and \$45,509 for FY2010.

### Testing Foundation Transactions

We reviewed a sample of 20 transactions between the College and the Foundation for the period FY2009-FY2010. We reviewed 10 transactions in which funds were sent from the College to the Foundation and 10 transactions in which funds were sent from the Foundation to the College.

We reviewed 10 transactions for a total of \$43,891 that involved funds sent from the College to the Foundation. For these transactions we were able to obtain documentation including an invoice. These transactions were generally for donations/revenues received that needed to be paid to the Foundation. Documentation provided by the College also included a list of the donations or revenues received.

In one instance, there was no Vice President signature included on an invoice which was for \$2,250. The College of DuPage Administrative Procedures Manual (Procedure 10-65) requires that check requests must be approved by the department’s authorized signer. Any Check Request for over \$1,000 requires the approval of the applicable division Vice President. However, according to responses from College officials, the College did not have a formal check request policy in place prior to January 22, 2014 (Procedure 10-65). On January 12, 2009, there was an official communication from the College President to College personnel requiring all expenditures over \$500 to be approved by the area Vice President. In July 2008 when the check was issued, the \$500 limit did not apply. Therefore, the only approval required was a signature by an “authorized signer” and the Art Center Director at that time signed the request as the authorized signer.



The College of DuPage was not always able to provide documentation of transactions between the College and the Foundation for the period FY2009-FY2010. We also reviewed 10 transactions totaling \$832,327 involving funds sent from the Foundation to the College. The College's records retention policy **only requires cash receipts to be retained for two years.** For these transactions, in many cases there was little detailed information available. The 10 transactions we reviewed were generally for adjustments to scholarships/financial aid, program support, and construction.



## **Appendices**



**Appendix A**  
**House Resolution No. 55**





HR0055 Enrolled

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HOUSE RESOLUTION 55

2

WHEREAS, The College of DuPage is a public community college district in the State of Illinois; and

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WHEREAS, The Board of Trustees, the governing body of the college, enacts policies and plays an integral role in overseeing the activities and operations of the college; and

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WHEREAS, The Board of Trustees appoints a President to organize and manage the college within the parameters set by Board policies; and

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WHEREAS, The College of DuPage recently approved a \$763,000 severance package for its current President; and

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WHEREAS, News reports have raised questions concerning the College of DuPage's expenditures of public moneys; and

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WHEREAS, The College of DuPage is not a State agency; and

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WHEREAS, The Illinois Constitution limits the Auditor General's audit authority to "public funds of the State" and case law has interpreted that phrase to mean only those funds directly appropriated or otherwise authorized by the General Assembly following the Governor's preparation and submission

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1 of the State budget; and

2 WHEREAS, The Intergovernmental Cooperation Act allows that  
3 "one or more public agencies may contract with any one or more  
4 other public agencies to perform any governmental service,  
5 activity or undertaking or to combine, transfer, or exercise  
6 any powers, functions, privileges, or authority which any of  
7 the public agencies entering into the contract is authorized by  
8 law to perform ... "; and

9 WHEREAS, The General Assembly wishes for the Auditor  
10 General to conduct a performance audit of the College of  
11 DuPage; therefore, be it

12 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE  
13 NINETY-NINTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that  
14 the Auditor General is directed to conduct a performance audit  
15 of the College of DuPage by entering into an intergovernmental  
16 agreement with the College of DuPage that sets forth the scope  
17 of the audit; and be it further

18 RESOLVED, That the audit include, but not be limited to,  
19 the following determinations:

20 (1) the College of DuPage's sources of revenues during  
21 Fiscal Years 2011 through 2014;

22 (2) the College of DuPage's expenditures, by broad



1 category, during Fiscal Years 2011 through 2014;

2 (3) the amount, purpose, and uses of General Obligation  
3 Bonds issued by the College of DuPage in 2007, 2009, 2011,  
4 and 2013;

5 (4) whether, during Fiscal Years 2011 through 2014, the  
6 Board met its fiduciary responsibilities required by Board  
7 policy, including annually evaluating the College  
8 President, annually reviewing the financial performance of  
9 the College and causing an audit to be made, adopting the  
10 annual financial plan of the College, adopting a  
11 comprehensive Strategic Long Range Plan, and reviewing the  
12 President's annual report on the outcomes of the College;

13 (5) whether the Board is meeting its fiduciary  
14 responsibilities and ensuring compliance with the Public  
15 Community College Act and Board policies, including those  
16 related to the investment of College funds, procurements  
17 and contracts, construction activities, and budget  
18 transfers;

19 (6) whether the compensation and severance packages  
20 provided to the College of DuPage President are comparable  
21 to compensation and severance packages provided to  
22 Presidents of other Illinois Community Colleges, and  
23 whether changes to the College President's compensation  
24 package are properly approved; and

25 (7) based on records obtained from the College of  
26 DuPage, the amount and purposes of all transactions

1           occurring in Fiscal Years 2009 and 2010 between the College  
2           of DuPage and the College of DuPage Foundation and whether  
3           those transactions followed all applicable laws, policies,  
4           and procedures; and be it further

5           RESOLVED, That the College of DuPage is responsible for  
6           paying the Auditor General's costs in conducting this audit;  
7           and be it further

8           RESOLVED, That the College of DuPage, the Illinois  
9           Community College Board, and any other entity having  
10          information relevant to this audit cooperate fully and promptly  
11          with the Auditor General's Office in its conduct; and be it  
12          further

13          RESOLVED, That the Auditor General commence this audit as  
14          soon as possible and report his findings and recommendations  
15          upon completion in accordance with the provisions of the  
16          Illinois State Auditing Act.

**Appendix B**  
**Audit Scope and Methodology**



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## Appendix B

# AUDIT SCOPE AND METHODOLOGY

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House Resolution No. 55 (see Appendix A) directed the Auditor General to conduct a performance audit of the College of DuPage by entering into a memorandum of understanding with the College of DuPage that sets forth the scope of the audit. House Resolution No. 55 asked the Auditor General to review:

- Revenues and expenditures of the College for the period Fiscal Years 2011-2014;
- General Obligation Bonds issued by the College in 2007, 2009, 2011, and 2013;
- Fiduciary responsibilities of the College's Board of Trustees;
- Compliance with the Public Community College Act and Board policies;
- Compensation and severance packages provided to the community college Presidents; and
- Transactions between the College of DuPage and the College of DuPage Foundation for Fiscal Years 2009 and 2010.

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Initial work began on the audit in July 2015. A memorandum of understanding was signed by the College on July 1, 2015. An entrance conference was held July 28, 2015, and fieldwork was concluded April 30, 2016. Follow-up work to clarify issues, obtain additional documentation, and obtain responses from the College to testing, continued until June 30, 2016.

In conducting the audit, we reviewed applicable statutes, rules, and the College's policies and procedures. We reviewed compliance with those laws and policies to the extent necessary to meet the audit's objectives. Any instances of non-compliance we identified are noted as recommendations in this report.

We assessed risk by reviewing financial and internal audits of the College of DuPage and reviewing other internal documents including the policies and procedures of the Board and College. We also reviewed Board meeting minutes and information packets. We reviewed management controls related to the audit objectives. The audit reports any weaknesses identified in those controls and includes them as recommendations.

In January 2015, the College of DuPage Board of Trustees approved a \$762,868 severance package to then President Robert L. Breuder. The approval of the severance package led to media reports and allegations of extravagant spending and awarding contracts on a noncompetitive basis to businesses connected to the College's Foundation. These allegations in turn led to multiple investigations by State, local, and federal officials. The College provided auditors with a summary of current investigations as part of our initial documents request. In

accordance with guidance provided by section 6.35 of the Government Auditing Standards (2011 Revision) this information was used to assess risk for the audit. We attempted to avoid any interference with ongoing investigations or legal proceedings in conducting our audit work.

During the audit, we reviewed Board meeting minutes and packets. We also interviewed officials from the College of DuPage to identify key decision points and areas related to the audit's objectives. During the audit period the College's President, Treasurer, and Controller were placed on leave prior to the entrance conference in July 2015 and were later terminated. The Executive Director of the College's Foundation also went on leave and subsequently left employment with the College during the audit. In some cases information was provided to auditors by financial consultants or the legal counsel that were hired by the Board. The financial consultants were in turn replaced during the audit by an interim Treasurer and an interim Controller. Because the financial consultants, legal counsel, and interim Treasurer and Controller were not employed with the College during the audit period reviewed, there is a risk that they may have lacked the institutional knowledge to identify key documentation or personnel to obtain documentation related to the audit's objectives.

We met with officials from the Illinois Community College Board (ICCB). The Illinois Community College Board provided auditors with information related to community college president salaries and compensation. The Illinois Community College Board also helped auditors facilitate the collection of information related to employment contracts and severance packages received by community college Presidents. Lastly, we reviewed capital project information submitted to the ICCB by the College of DuPage.

We obtained the revenues and expenditures information presented in this report by reviewing the Comprehensive Annual Financial Report (CAFR) and financial audits of the College of DuPage for the period FY2011-FY2014. We also performed procedures that provided a sufficient basis for using that work. We reviewed the audit reports and working papers related to those financial audits to obtain evidence concerning the auditors' qualifications and independence and to ensure that the scope, quality, and timing of the audit work performed was adequate for reliance in the context of our audit objectives. From our review of the financial audit reports and workpapers, we believe that the procedures performed provided reasonable assurance that expenditures and revenues presented in those reports can be relied upon.

### **Testing and Analytical Procedures**

During the audit we reviewed samples of budget transfers, foundation transactions, procurements, and construction contracts. We reviewed these samples to determine whether there were controls in place for the use of these funds, and whether these transactions were in compliance with the Public Community College Act (110 ILCS 805 et. seq.) and the College's policies. We also reviewed general obligation bond documentation to determine the amount and purpose of bonds issued. Random sampling was not used; therefore, the results of our sampling cannot be projected to the population.

### **Budget Transfers**

We reviewed budget transfers to assess whether the Board was meeting its fiduciary responsibilities and whether the transfers were in compliance with the Illinois Public Community College Act and the Board's policies. College officials provided a download of all budget transfers made for the period FY2011 through FY2014. According to information provided by

College officials, during the four-year period there were 3,562 budget transfers involving 34,842 individual transactions for a total of more than \$460 million. We reviewed a judgmental sample of 20 budget transfers, including the 10 largest transfers from FY2011 to FY2014 to determine the process used for approval of budget transfers and whether it complied with the College's policies and the Act.

### **Foundation Transactions**

Based on records obtained from the College of DuPage, we reviewed the amount and purposes of all transactions occurring in Fiscal Years 2009 and 2010 between the College of DuPage and the College of DuPage Foundation and whether those transactions followed all applicable laws, policies, and procedures. Because of the age of these transactions and because a different accounting system was used by the College during the time period specified in House Resolution No. 55, the College of DuPage Department of Financial Affairs officials had to manually compile records from the prior accounting system to identify these transactions. The manual review involved searching through electronic reports and general ledger activities to find transactions that involved the College and the Foundation. Because the information was compiled manually, there is a possibility that transactions may have been missed.

We reviewed a sample of 20 transactions between the College and the Foundation for the period FY2009-FY2010. We reviewed 10 transactions for a total of \$43,891 that involved funds sent from the College to the Foundation. We also reviewed 10 transactions totaling \$832,327 involving funds sent from the Foundation to the College.

### **Procurements and Contracts**

We reviewed procurements and contracts to assess whether the Board was meeting its fiduciary responsibilities and whether the procurements and contracts were in compliance with the Public Community College Act and the Board's policies. Because the College could not provide a list of all contracts, we judgmentally selected 10 procurements over \$25,000 for each year for the period FY2011-FY2014. In total we reviewed 40 procurements from 40 different vendors for a total of \$3,810,237. For procurement and contract testing, no procurements from the Operations & Maintenance (Restricted) Fund were selected because these were construction related projects and contained bond funds.

### **Bonds and Construction**

We reviewed bonds that were issued for 2007, 2009, 2011, and 2013 to assess the amount, purpose, and use of those funds. We reviewed documentation related to the bonds that were issued to assess the amount and purpose of those funds. According to information we obtained, the College issued a total of \$366.5 million in general obligation bonds during the periods specified.

Proceeds from bonds were held by the College of DuPage in the O & M (Restricted) Fund. The O & M (Restricted) Fund however also held other monies, such as construction fees paid by students as part of the tuition each semester. The College of DuPage could not provide information that would break out which project payments were funded with which bonds issued and which were funded using the student fees and other money deposited into the fund. In addition, the information provided regarding construction project expenditures does not track which bonds proceeds (for example 2011A Bonds) were used for each project.

To assess the use of bond funds, the College of DuPage provided auditors with two spreadsheets related to bond expenditures. The first was for the period FY2008-2010 and was taken from the College's old accounting system. The second spreadsheet was for the period FY2011-2015 and was taken from the College's current accounting system.

Because bonds reviewed as part of this audit were for 2007, 2009, 2011, and 2013, we selected all building projects with over \$5 million in expenditures between FY2008 and FY2015 for a more detailed review. From project and expenditure information provided by the College we determined that construction for projects for FY2008-FY2015 totaled \$486.5 million. We reviewed 12 building projects totaling \$403.7 million for the period FY2003-FY2015 including the costs for architecture/engineering, construction management, and total costs. Total project expenditures according information provided by the College for that same period were \$486.5 million. We did not review subcontracts or change orders as part of our testing.



**Appendix C**  
**Salary and Benefits for**  
**Community College Presidents**  
**Fiscal Year 2014**



**Appendix C**  
**Salary & Benefits for Community College Presidents**  
**FY2014**

<b>College</b>	<b>Base Salary</b>	<b>Employee Benefits</b>	<b>Annuities</b>	<b>Retirement Enhancements</b>	<b>Bonus</b>	<b>Total Compensation</b>
Black Hawk College	\$180,250	\$10,602	\$0	\$0	\$13,819	\$204,671
Carl Sandburg College	\$173,500	\$11,062	\$0	\$0	\$17,898	\$202,460
CCC District Office	\$250,000	\$437	\$0	\$0	\$44,803	\$295,240
College Of DuPage	\$292,739	\$127,772	\$0	\$74,581	\$0	\$495,092
College Of Lake County	\$241,118	\$60,765	\$21,150	\$0	\$0	\$323,033
Danville Area Community College	\$174,403	\$34,421	\$0	\$6,000	\$0	\$214,824
Elgin Community College	\$260,000	\$91,283	\$10,000	\$0	\$0	\$361,283
Frontier Community College	\$124,473	\$13,169	\$0	\$0	\$42,135	\$179,777
Harold Washington College	\$184,783	\$570	\$0	\$0	\$8,960	\$194,313
Harold Washington College	\$184,783	\$858	\$0	\$0	\$550	\$186,191
Harry S. Truman College	\$170,000	\$473	\$0	\$0	\$7,779	\$178,252
Heartland Community College	\$192,151	\$9,694	\$0	\$0	\$0	\$201,845
Heartland Community College	\$192,151	\$12,098	\$0	\$0	\$20,766	\$225,015
Highland Community College	\$139,860	\$34,623	\$14,500	\$0	\$0	\$188,983
Illinois Central College	\$241,143	\$88,316	\$23,000	\$0	\$39,050	\$391,509
Illinois Eastern District Office	\$178,721	\$30,366	\$0	\$0	\$7,389	\$216,476
Illinois Valley Community College	\$182,867	\$34,737	\$0	\$0	\$0	\$217,604
John A. Logan College	\$188,638	\$10,266	\$0	\$0	\$0	\$198,904
John Wood Community College	\$107,077	\$11,786	\$0	\$0	\$11,889	\$130,752
John Wood Community College	\$140,500	\$9,733	\$0	\$0	\$6,620	\$156,853
Joliet Junior College	\$196,270	\$18,673	\$10,000	\$0	\$2,287	\$227,230
Kankakee Community College	\$190,614	\$62,780	\$15,000	\$0	\$0	\$268,394
Kaskaskia College	\$193,051	\$9,551	\$0	\$0	\$0	\$202,602
Kennedy-King College	\$170,000	\$473	\$0	\$0	\$7,600	\$178,073
Kennedy-King College	\$152,174	\$20	\$0	\$0	\$250	\$152,444
Kishwaukee College	\$173,881	\$12,562	\$0	\$0	\$23,910	\$210,353

<b>College</b>	<b>Base Salary</b>	<b>Employee Benefits</b>	<b>Annuities</b>	<b>Retirement Enhancements</b>	<b>Bonus</b>	<b>Total Compensation</b>
Lake Land College	\$180,000	\$18,703	\$0	\$0	\$0	\$198,703
Lewis And Clark Community College	\$279,661	\$97,598	\$46,000	\$0	\$0	\$423,259
Lincoln Land Community College	\$231,420	\$44,636	\$49,992	\$0	\$34,048	\$360,096
Lincoln Trail College	\$112,203	\$2,970	\$0	\$0	\$0	\$115,173
Lincoln Trail College	\$119,881	\$10,476	\$0	\$0	\$0	\$130,357
Malcolm X College	\$170,000	\$536	\$0	\$0	\$5,750	\$176,286
McHenry County College	\$211,013	\$9,916	\$0	\$0	\$0	\$220,929
Moraine Valley Community College	\$212,688	\$18,785	\$7,500	\$0	\$28,772	\$267,745
Morton College	\$206,538	\$0	\$0	\$0	\$0	\$206,538
Oakton Community College	\$259,066	\$9,936	\$0	\$0	\$79,378	\$348,380
Olive-Harvey College	\$170,000	\$681	\$0	\$0	\$5,175	\$175,856
Olive-Harvey College	\$184,783	\$245	\$0	\$0	\$1,200	\$186,228
Olney Central College	\$124,473	\$13,187	\$0	\$0	\$7,457	\$145,117
Parkland College	\$218,106	\$41,446	\$0	\$0	\$21,770	\$281,322
Prairie State College	\$1,644	\$0	\$0	\$0	\$0	\$1,644
Prairie State College	\$192,050	\$0	\$0	\$0	\$0	\$192,050
Rend Lake College	\$169,950	\$11,855	\$0	\$0	\$12,000	\$193,805
Richard J. Daley College	\$184,783	\$3,338	\$0	\$0	\$13,038	\$201,159
Richland Community College	\$214,724	\$44,759	\$0	\$0	\$36,000	\$295,483
Rock Valley College	\$130,105	\$22,765	\$1,000	\$0	\$6,348	\$160,218
Rock Valley College	\$109,968	\$28,615	\$6,750	\$100,000	\$0	\$245,333
Sauk Valley Community College	\$170,620	\$41,485	\$0	\$0	\$19,336	\$231,441
Shawnee Community College	\$126,640	\$8,191	\$0	\$0	\$0	\$134,831
South Suburban College	\$183,750	\$5,780	\$0	\$0	\$0	\$189,530
Southeastern Illinois College	\$148,217	\$26,458	\$0	\$0	\$0	\$174,675
Southwestern Illinois College	\$168,406	\$21,499	\$0	\$0	\$16,100	\$206,005
Spoon River College	\$106,600	\$11,500	\$0	\$0	\$8,440	\$126,540
Triton College	\$244,827	\$0	\$0	\$0	\$0	\$244,827
Wabash Valley College	\$124,473	\$13,169	\$0	\$0	\$6,497	\$144,139
Waubonsee Community College	\$232,480	\$38,240	\$12,000	\$0	\$0	\$282,720

<b>College</b>	<b>Base Salary</b>	<b>Employee Benefits</b>	<b>Annuities</b>	<b>Retirement Enhancements</b>	<b>Bonus</b>	<b>Total Compensation</b>
Wilbur Wright College	\$184,783	\$568	\$0	\$0	\$5,250	\$190,601
William Rainey Harper College	\$260,969	\$65,983	\$0	\$0	\$50,000	\$376,952

Note: For some colleges there may be more than one number presented because there was more than one president during the year. CCC District Office is the City Colleges of Chicago which includes Harold Washington College, Harry S. Truman College, Kennedy-King College, Malcom X College, Olive-Harvey College, Richard J. Daley College, and Wilbur Wright College. Illinois Eastern District Office includes four community colleges: Lincoln Trail Community College, Olney Central Community College, Frontier Community College, and Wabash Valley Community College. Information presented in this appendix was self reported by the colleges to the Illinois Community College Board and is unaudited.

Source: Illinois Community College Board.



**Appendix D**  
**Bond Expenditures and Construction Projects**  
**Fiscal Years 2003-2015**

**Appendix D  
Expenditures by Project  
FY2003-FY2015**

<b>Project</b>	<b>FY2003-FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>
<b>Referendum 1</b>				
#718 Carol Stream Regional Center	\$2,679,559	\$0	\$0	\$0
#719 Northwest Regional Center	\$6,400	\$0	\$0	\$0
#723 Satellite Dish Farm Relocation	\$427,943	\$34,311	\$17,663	\$0
#724 Master Space Plan	\$5,282,563	\$1,483,586	\$1,495,262	\$930,274
#725 Parking & Roadway	\$598,864	\$3,350,484	\$3,050,325	\$159,025
#726 Early Childhood Educational Center (ECEC)	\$6,514,343	\$143,210	\$247,014	\$107,859
#727 Berg Instructional Center (BIC) renovation	\$110,558	\$1,038,093	\$4,149,627	\$29,481,578
#728 Technology Educational Center (TEC)	\$2,368,408	\$19,591,083	\$22,731,491	\$4,154,486
#729 Health and Science Center (HSC)	\$5,456,287	\$27,795,013	\$20,089,401	\$3,869,934
#736 Parking - Phase 2	\$13,057,632	\$2,084,770	\$254,919	-\$27,922
#739 Naperville Regional Center - Cosmetology	\$109,468	\$840,345	\$14,496	\$0
#740 Infrastructure	\$1,412,288	\$1,848,263	\$816,825	\$102,538
#741 Graphic Arts (MAC)	\$0	\$7,578	\$104,241	\$981,547
#742 DuPage Convalescence	\$154,661	\$0	\$0	\$0
#743 / 757 Athletic Field Improvement	\$2,134,907	\$15,669	\$941,305	\$3,834,369
#744 Auxiliary Storage (MAC)	\$338,387	\$0	\$0	\$0
#745 Soccer Fields	\$14,465	\$26,831	\$0	\$4,761
#746 Parking - Phase 1	\$1,753,398	\$11,019	\$0	\$92
#747 Glen Ellyn Planned Unit Development	\$151,714	\$17,750	\$6,411	\$96,653
#748 Relocate Detention Pond & Temp Parking	\$2,031,761	\$4,480	\$0	\$0
#750 Community Garden	\$117,832	\$20,560	\$3,520	-\$3,520
#751 Storm Water	\$99,010	\$405,956	\$217,026	-\$5,724



**Appendix D  
Expenditures by Project  
FY2003-FY2015**

<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>Grand Total<sup>1</sup></b>
<b>Referendum 1</b>					
\$0	\$0	\$0	\$0	\$0	\$2,679,559
\$0	\$0	\$0	\$0	\$0	\$6,400
\$0	\$0	\$0	\$0	\$0	\$479,916
\$89,053	\$0	\$0	\$0	\$0	\$9,280,738
\$0	\$0	\$0	\$0	\$0	\$7,158,698
\$0	\$0	\$0	\$0	\$0	\$7,012,427
\$38,501,282	\$29,613,481	\$4,522,130	\$173,489	\$0	\$107,590,237
\$97,032	-\$14,781	\$0	\$0	\$0	\$48,927,719
\$346,946	-\$71,875	\$0	\$0	\$0	\$57,485,705
-\$60,179	\$0	\$0	\$0	\$0	\$15,309,220
\$0	\$0	\$0	\$0	\$0	\$964,309
\$124,291	\$24,351	\$0	\$0	\$0	\$4,328,556
\$0	\$0	\$0	\$0	\$0	\$1,093,367
\$0	\$0	\$0	\$0	\$0	\$154,661
-\$271,149	\$83,967	\$0	\$0	\$0	\$6,739,068
\$0	\$0	\$0	\$0	\$0	\$338,387
\$0	\$0	\$0	\$0	\$0	\$46,057
\$0	\$0	\$0	\$0	\$0	\$1,764,509
\$80,320	\$1,098	\$0	\$0	\$0	\$353,946
\$0	\$0	\$0	\$0	\$0	\$2,036,241
\$0	\$0	\$0	\$0	\$0	\$138,392
\$0	\$0	\$0	\$0	\$0	\$716,269

**Appendix D  
Expenditures by Project  
FY2003-FY2015**

<b>Project</b>	<b>FY2003-FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>
<b>Referendum 1</b>				
#752 Site Analysis	\$155,410	\$7,820	\$91,287	\$50,291
#755 West Campus Community Center	\$0	\$3,508	\$3,508	\$0
#758 Signage	\$0	\$0	\$0	\$768,980
#759 Move Management	\$0	\$0	\$294,475	\$781,137
#760 Culinary Arts Center	\$0	\$0	\$0	\$2,564,192
#761 Homeland Security Center	\$0	\$0	\$0	\$2,392,849
#764 Demobilize Trailers	\$0	\$0	\$0	\$0
#765 HSC Landscape	\$0	\$0	\$0	\$1,320,727
#767 SRC Exterior Wall	\$0	\$0	\$0	\$40,563
#770 Landscape	\$0	\$0	\$2,828	\$843,034
#771 Special Initiatives	\$0	\$0	\$0	\$0
Bond Issue	\$14,927	\$0	\$0	\$0
Campus Site Ref #1	\$0	\$0	\$0	\$0
<b>Referendum 1 Totals<sup>1</sup></b>	<b>\$44,990,783</b>	<b>\$58,730,327</b>	<b>\$54,531,622</b>	<b>\$52,447,724</b>

**Appendix D  
Expenditures by Project  
FY2003-FY2015**

<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>Grand Total<sup>1</sup></b>
<b>Referendum 1</b>					
\$25,061	\$124,674	\$0	\$0	\$0	\$454,542
\$0	\$0	\$0	\$0	\$0	\$7,015
\$715,507	\$929,728	\$225,857	\$447,697	\$184,146	\$3,271,915
\$0	\$0	\$0	\$0	\$0	\$1,075,612
\$24,194,327	\$3,653,767	\$34,618	\$40,868	\$54,201	\$30,541,973
\$18,879,535	\$3,124,613	\$23,236	\$0	\$0	\$24,420,233
\$0	\$10,197	\$0	\$0	\$0	\$10,197
\$289,274	\$85,000	\$0	\$0	\$0	\$1,695,001
\$458,098	\$3,398,265	\$77,759	\$0	\$0	\$3,974,685
\$3,200,959	\$1,450,746	\$16,416	-\$50,000	\$0	\$5,463,982
\$0	\$10,000	\$202,389	\$282,221	-\$27,074	\$467,536
\$0	\$0	\$0	\$0	\$0	\$14,927
\$0	\$0	\$91,395	\$3,659,572	\$17,793	\$3,768,760
<b>\$86,670,355</b>	<b>\$42,423,230</b>	<b>\$5,193,800</b>	<b>\$4,553,847</b>	<b>\$229,066</b>	<b>\$349,770,755</b>

**Appendix D  
Expenditures by Project  
FY2003-FY2015**

<b>Project</b>	<b>FY2003-FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>
<b>Referendum 2</b>				
#800 Student Resource Center (SRC)	\$0	\$0	\$0	\$0
#801 Seaton Computing Center (SCC)	\$0	\$0	\$0	\$0
#802 McAninch Arts Center (MAC)	\$0	\$0	\$0	\$0
#803 Physical Education Center (PE)	\$0	\$0	\$0	\$0
#804 Site & Ground (Campus Wide)	\$0	\$0	\$0	\$0
#805 Infrastructure (Campus Wide)	\$0	\$0	\$0	\$0
#806 Homeland Security - Phase II	\$0	\$0	\$0	\$0
#807 Parking - West Campus	\$0	\$0	\$0	\$0
# 808 Naperville Regional Center	\$0	\$0	\$0	\$0
#809 Campus Maintenance Center (CMC)	\$0	\$0	\$0	\$0
#811 Athletic Facilities	\$0	\$0	\$0	\$0
#813 SRC - South Lobby Glass	\$0	\$0	\$0	\$0
#814 SRC - South Lobby Hallway	\$0	\$0	\$0	\$0
#818 Campus Artwork	\$0	\$0	\$0	\$0
#820 Parking-West Campus PE	\$0	\$0	\$0	\$0
Demolition	\$0	\$0	\$0	\$0
Campus Site Ref #2	\$0	\$0	\$0	\$0
Irrigation & Drainage	\$0	\$0	\$0	\$0
FY14-Site,Infra,&Pkg Improvements	\$0	\$0	\$0	\$0
<b>Referendum 2 Totals<sup>1</sup></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Construction Projects Total<sup>1</sup></b>	<b>\$44,990,783</b>	<b>\$58,730,327</b>	<b>\$54,531,622</b>	<b>\$52,447,724</b>

**Appendix D  
Expenditures by Project  
FY2003-FY2015**

<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>Grand Total<sup>1</sup></b>
<b>Referendum 2</b>					
\$0	\$3,577,266	\$21,296,107	\$14,379,836	\$436,004	\$39,689,213
\$0	\$308,477	\$6,291,931	\$310,789	-\$860	\$6,910,337
\$0	\$1,228,977	\$17,572,128	\$14,645,746	\$201,139	\$33,647,990
\$0	\$1,393,452	\$13,339,654	\$10,162,456	\$148,685	\$25,044,247
\$141,296	\$9,485,013	\$4,477,330	\$0	\$0	\$14,103,639
\$0	\$858,419	\$2,030,035	\$844,968	\$535,419	\$4,268,841
\$0	\$0	\$0	\$1,024,707	\$13,251,407	\$14,276,114
\$82,640	\$7,078,837	\$999,996	\$64,566	\$858	\$8,226,897
\$0	\$0	\$0	\$978,520	\$4,797,565	\$5,776,085
\$0	\$265,250	\$6,904,539	\$2,167,986	\$95,223	\$9,432,998
\$0	\$1,422,977	\$72,258	\$429,547	\$163,902	\$2,088,684
\$0	\$916,722	\$504,856	\$0	\$0	\$1,421,578
\$0	\$587,209	\$673,748	-\$14,123	\$0	\$1,246,834
\$0	\$0	\$50,754	\$53,762	\$0	\$104,516
\$0	\$0	\$1,306,112	\$4,167,701	\$50,281	\$5,524,094
\$0	\$0	\$142,834	\$2,555,115	\$1,796,593	\$4,494,542
\$0	\$0	\$1,052,809	-\$37,210	-\$600	\$1,014,999
\$0	\$0	\$872,731	\$210,430	\$26,743	\$1,109,904
\$0	\$0	\$0	\$1,024,703	\$2,351,893	\$3,376,596
<b>\$223,936</b>	<b>\$27,122,599</b>	<b>\$77,587,822</b>	<b>\$52,969,499</b>	<b>\$23,854,252</b>	<b>\$181,758,108</b>
<b>\$86,894,292</b>	<b>\$69,545,829</b>	<b>\$82,781,622</b>	<b>\$57,523,346</b>	<b>\$24,083,318</b>	<b>\$531,528,863</b>

Note: <sup>1</sup> Totals may not add due to rounding.

Source: Accounting System data provided by College of DuPage (unaudited)



**Appendix E**  
**College of DuPage Responses**







Ann E. Rondeau, President

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August 31, 2016

U.S. EXPRESS MAIL

Office of the Auditor General for the State of Illinois  
Attn: Mr. Michael Paoni  
740 East Ash  
Springfield, IL 62703-3154

Dear Mr. Paoni:

On behalf of the College of DuPage (the "College"), I submit herewith for your consideration the College's responses to the recommendations set forth in the Auditor General's Confidential Draft Report dated August 16, 2016. If you have any questions regarding those responses, I may be reached at 630-942-2200.

I would like to thank you and your staff for your time and effort in conducting the audit and meeting with us on August 26, 2016. We look forward to receiving the final report from your office.

Very truly yours,

**SIGNED ORIGINAL ON FILE**

Dr. Ann E. Rondeau  
President, College of DuPage  
425 Fawell Blvd.  
Glen Ellyn, IL 60137

College Response to Finding #1

The College agrees with this recommendation.

The College intends to present a new policy on this issue for Board consideration during the fourth quarter of 2016. The new policy will augment other recent efforts by the College to improve training for the Board of Trustees ("Board"). Such efforts include formal training on parliamentary procedure (July 2016) and formal ethics training (June and July 2016). In 2017 (the next time new trustees are seated), the College will also provide a comprehensive orientation program for new trustees.

College Response to Finding #2

The College agrees with this recommendation.

During the majority of the audit period (2009-2014), the Board did not utilize committees. Since April 2015, the Board has taken steps to provide more oversight through the use of committees. As noted in the Auditor General's report, the Board established an Audit Committee by policy on August 13, 2015 to provide independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. The Board also established a Budget Committee on April 30, 2015, and an Academic Committee in July 2015 (which was formally chartered in November 2015). The Board will consider revising its policies to reflect the existence of those Committees.

College Response to Finding #3

The College agrees with this recommendation.

College Response to Finding #4

The College agrees with this recommendation.

During the audit period, the Treasurer's Advisory Committee ("TAC") met very infrequently. Further, certain members of the TAC were affiliated with College vendors (and thus, arguably, were interested in the College's investment decisions). The College intends to reconstitute a TAC that will meet quarterly and consist of qualified, disinterested individuals. The College will incorporate this requirement into the Administrative Procedure Manual. We expect this will be completed by the fourth quarter of 2016.

College Response to Finding #5

The College agrees with this recommendation.

## **AUDITOR COMMENTS**

Since 2015, the College has taken steps to improve the transparency and effectiveness of its investment management. On February 25, 2016 the Board approved the hiring of an investment adviser to assist the College with management of funds and compliance with its policy. BMO Global Asset Management was selected after a highly competitive and transparent process. BMO has been providing (and will continue to provide) College administrators and the Board with monthly investment reports that reflect each investment and show whether each category of investment is within Board policy limits.

In addition to providing the monthly investment reports, BMO presented a Quarterly/Annual FY2016 report during the July 28, 2016 Board meeting (attached for reference) and will be asked to provide regular reports in the future.

#### College Response to Finding #6

The College agrees with this recommendation.

Since the time period that was audited (FY 2011-2014), the College has taken, and will continue to take, steps to tighten controls and increase transparency with respect to budget transfers. Since the summer of 2015, the President has signed *all* budget transfers of \$10,000 and over.

During the fourth quarter of 2016, the Board will consider revised policies that: (1) require disclosure to the Board (if not pre-approval by the Board) of all budget transfers; (2) define the term "cabinet officer" (or otherwise modify the term to more accurately identify the individuals who possess and are accountable for such authority); (3) formalize the existing practice of the President approving transfers over \$10,000; and (4) require written documentation detailing the reason for the transfer(s). The Budget Manager will ensure that all budget transfers are clearly documented and are not effected without proper approval. The College will also amend its existing Administrative Policies to ensure that contingency transfers cannot be effected without prior Board approval.

#### College Response to Finding #7

The College agrees with this recommendation.

Since the time period that was audited (FY 2011-2014), the College has taken steps to improve controls in this area. In March 2016, the Board approved the creation of an Office of General Counsel ("OGC"). The Board is currently interviewing candidates for the position of General Counsel. It is anticipated that OGC will serve as the repository for all contracts. It is also anticipated that OGC will provide legal review to ensure that all contracts are consistent with the College's policies, and that all contracts are properly executed and accompanied by supporting materials.

The creation of OGC will augment the College's previous attempts to address this issue. A central repository for certain categories of College contracts was developed in August 2013, using the

## **AUDITOR COMMENTS**

ImageNow technology. At that time, individuals responsible for initiating contracts within those categories were required to provide a copy to the Purchasing Department, who would then manually scan a .pdf version of the contract into the database. In May 2014, a direct e-mail address was established, linking the e-mailed contracts described above directly into the ImageNow database. In August 2015, a Purchasing Department Operating Procedure was established, wherein a copy of the fully executed contract, along with supporting documentation, was required as an attachment to the associated requisitions. In addition, to ensure contracts were appropriately maintained, the Operating Procedure required the Vice President of Administration and Treasurer to scan the signed contract into the contract database for retention.

Effective February 29, 2016, an Official Communication was distributed regarding a newly created Contract Approval Cover Sheet. Instructions for use of the cover sheet advised the initiator to submit all contracts, along with a completed cover sheet and other required documents as noted in the instructions, to the contract database in ImageNow.

#### College Response to Finding #8

The College agrees with this recommendation.

Since 2015, the College has taken (and will continue to take) steps to improve controls in this area. In November 2015, the College presented a revised Administrative Procedure 10-60 (which addresses purchasing) for review. Additional revisions were suggested and a re-revised Procedure 10-60 was submitted to Cabinet for review on August 22, 2016.

On August 22, 2016, a revised Administrative Procedure 10-95 (which addresses auxiliary fund professional service contracts) was also submitted to Cabinet for review.

On February 19, 2015, the Purchasing Department implemented a new operating procedure entitled "Competitive Bid Process: Non-Construction." The new operating procedure outlines the process for conducting bid openings, including public reading and recording of bids.

Prior to March 2016, only bids were publicly opened. As of March 22, 2016, however, the College has required that all RFPs and RFQs be publicly opened, at which time the Respondent names are announced.

In July 2016, a Bid/RFP Process End User Guide was created, and is now posted on the Purchasing Team Site on the Employee Portal. This guide describes the public opening process for Bids/RFPs/RFQs.

Procurement files by project are maintained on the shared U drive, accessible by all Purchasing staff. Each electronic file contains all project documentation. Effective July 1, 2016, the file also contains a copy of the signed contract received from the initiator.

**AUDITOR COMMENTS**

The College will not process a requisition submitted for a total value of \$25,000 or greater without a competitive bid/RFP/RFQ process, unless there is a specific exemption as indicated in the Illinois Public Community College Act Section 3-27.1 or another applicable law/regulation as required by College Policy and Administrative Procedure 10-60.

In the fourth quarter of 2016, the Board will consider policy changes to specify with more particularity the College employee(s) (either by name or by title) that are authorized to open bids, and to tighten compliance with existing policies regarding Board approval of procurements exceeding \$25,000 (and \$50,000 for construction).

#### College Response to Finding #9

The College agrees with this recommendation.

Since the time period that was audited (FY 2011-2014), the Board has taken steps to improve oversight in this area. Beginning in May 2015, the Board has received monthly reports listing all accounts payable check disbursements (with the exception of checks issued to students which are covered under the Family Educational Rights and Privacy Act (FERPA)). No legal invoices, regardless of amount, are paid without Board approval. In addition to the check registers all vendor invoices through July 2013 can be found on the College of DuPage website. These invoices are referenced on the check register reports and also updated on a monthly basis.

A segment of the check register report has been included for reference.

During the fourth quarter of 2016, the Board will consider amending its existing policies to codify this current practice.

#### College Response to Finding #10

The College agrees with this recommendation.

Since the transactions that were audited (*i.e.*, the issuance and use of bonds issued between 2007-2013), the College has taken steps to improve controls in this area.

On April 1, 2015, a Purchasing Department operating procedure for professional service contracts was implemented. This procedure ensures that professional service vendors are selected through a competitive proposal process. It is also intended to ensure compliance and consistency in application of professional services exemptions from a competitive proposal process. In the future, all bond advisory services (including bond counsel) will be awarded after a competitive process.

The College is also taking steps to define what constitutes a "professional service." Prior to 2015, the College did not have any approved list of services that might qualify as "professional services." In 2015, College personnel developed a proposed list, which was ultimately submitted to the College's then-Senior Vice President Administration and Treasurer. However, the list was not forwarded to the Board.



**AUDITOR COMMENTS**

That list was re-submitted to the interim Treasurer on August 23, 2016 for review, and eventual submission to the Board for approval.

In addition, exemption language (as outlined in the Illinois Public Community College Act or Local Government Professional Services Selection Act) is noted in each applicable report submitted for Board approval of a contract.

College Response to Finding #11

The College agrees with this recommendation.

The Board Chairman will recommend the creation of a formally-chartered facilities committee in connection with any significant future capital improvements, as well as the dissemination of monthly reports on the status of such projects to the Board.

College Response to Finding #12

The College agrees with this recommendation.

Since the time period that was audited (FY 2008-FY 2015), the College has strengthened its controls. In the future, contracts for construction will not be submitted for Board approval and award unless and until documentation of ICCB approval has been received.

College Response to Finding #13

The College agrees with this recommendation.

Since the time period that was audited (FY 2008-FY 2015), the College has taken steps to ensure that the types of practices noted in the Audit Report will not occur again.

On April 1, 2015, a Purchasing Department operating procedure for professional service contracts was implemented. This procedure ensures that professional service vendors are selected through a competitive proposal process. It is also intended to ensure compliance and consistency in application of professional services exemptions from a competitive proposal process. In the future, all contracts for professional services will be awarded after a competitive process, or prior to approval, the Board will be requested to approve the professional services based on specific reasoning setting forth the reasons for the professional service and why a professional services contract involves a high degree of skill and may be awarded outside the competitive process. At the initiation of any construction project, the method of contractor selection will be documented and maintained in the project file. At the conclusion of any project, contractors will be evaluated to determine the level of satisfaction with their services.

**AUDITOR COMMENTS**

The College is also taking steps to define what constitutes a “professional service.” Prior to 2015, the College did not have any approved list of services that might qualify as “professional services.” In 2015, College personnel developed a proposed list, which was ultimately submitted to the College’s then-Senior Vice President Administration and Treasurer. However, the list was not forwarded to the Board. That list was re-submitted to the interim Treasurer on August 23, 2016 for review, and eventual submission to the Board for approval.

In addition, during the fourth quarter of 2016, the Board Chairman will bring forward proposals for avoiding conflicts of interest in the awarding of contracts (including professional services contracts), and in the College’s dealings with the COD Foundation. Based on the discussion at the exit interview, the College understands that this issue was deemed to be outside the scope of House Resolution 55, and thus, was not examined by the Auditor General (or examined as part of the Auditor General’s random sampling methodology. Nevertheless, the College believes it is important to ensure there are adequate controls in place with respect to this issue.

#1

College Response to Finding #14

The College agrees with this recommendation.

During the period that was audited (FY 2008-FY 2015), the College did not have any approved list of services that might qualify as “professional services.” In 2015, College personnel developed a proposed list, which was ultimately submitted to the College’s then-Senior Vice President Administration and Treasurer. However, the list was not forwarded to the Board. That list was re-submitted to the interim Treasurer on August 23, 2016 for review, and eventual submission to the Board for approval.

College Response to Finding #15

The College agrees with this recommendation.

During the fourth quarter of 2016, the College will consider establishing a system of pre-qualifying potential contractors and vendors and will present a proposal to the Board for consideration.

College Response to Finding #16

The College agrees with this recommendation.

Since the time period that was audited (FY 2008-FY 2015), the College has taken steps to improve controls in this area.

## AUDITOR COMMENTS

### **Auditor Comment #1**

The audit examined construction contracts to address House Resolution No. 55, which asked the Office of the Auditor General to determine whether the College of DuPage Board of Trustees was meeting its fiduciary responsibilities and ensuring compliance with the Public Community College Act and Board policies, including those related to construction activities.

To answer audit determination number five, we selected all building projects with over \$5 million in expenditures between FY2008 and FY2015 for a more detailed review. We reviewed 12 building projects totaling \$403.7 million including the costs for architecture/engineering, construction management, and total costs. Our review included the selection process used to award the architecture/engineering and construction manager contracts and whether these contracts were in compliance with the Illinois Public Community College Act, Board policies, and administrative procedures for those projects. For a detailed methodology see Appendix B of this report.

On February 19, 2015, the Purchasing Department implemented a new operating procedure for Competitive Bid Process – Construction. This operating procedure outlines the process for conducting the bid process, including the bid opening, public reading, and recording of bids.

Prior to March 2016, only bids were publicly opened. As of March 22, 2016, however, the College has required that all RFPs and RFQs be publicly opened, at which time the Respondent names are announced.

In July 2016, a Bid/RFP Process End User Guide was created, and is now posted on the Purchasing Team Site on the Employee Portal. This guide describes the public opening process for Bids/RFPs/RFQs.

Procurement files by project are maintained on the shared U drive, accessible by all Purchasing staff. Each electronic file contains all project documentation. Effective July 1, 2016, the file also contains a copy of the signed contract received from the initiator.

In the fourth quarter of 2016, the Board will consider policy changes to specify the College employee(s) that are authorized to open bids.

#### College Response to Finding #17

The College agrees with this recommendation.

Since the time period that was audited (FY 2008-FY 2015), the College has taken (and will continue to take) steps to improve controls in this area. In 2016, the Board approved the creation of an Office of General Counsel ("OGC"). The Board is currently interviewing candidates for the position of General Counsel. It is anticipated that OGC will provide legal review to ensure that all contracts are consistent with the College's policies, and that all contracts are properly executed and accompanied by supporting materials.

The creation of OGC will augment recent changes in purchasing procedures. In August 2015, the Purchasing Department adopted an operating procedure for contract approvals. Under that procedure, a copy of a fully executed contract, along with supporting documentation, is required as an attachment to any associated requisition. This ensures that the Purchasing Department has a fully executed contract prior to the PO being released.

#### College Response to Finding #18

The College agrees with this recommendation.

Since 2015, the Board has publicly recited the nature of all final actions and has complied with the Open Meetings Act. The College recognizes that the Auditor General's examination was limited in scope to whether the notice and recital requirements of the Open Meetings Act were satisfied for the open

## **AUDITOR COMMENTS**

meetings at which formal addenda were approved (and did not, accordingly, touch upon the legality of the "Section F extensions," the term of Dr. Breuder's contract, whether the terms of that contract improperly abrogate other elements of the Open Meetings Act in violation of public policy, or other legal issues affecting that contract). Based on discussion during the exit interview, the College understands that the Auditor General declined to examine such issues, in part, due to ongoing investigations and legal proceedings. However, the College has taken steps to ensure that other potential infirmities associated with Dr. Breuder's contract are not repeated. Accordingly, the Board has discontinued the practice of entering into contracts that: (1) exceed the permissible term under Illinois law; and (2) purport to permit extensions without formal Board action in an open meeting.

#2

Moreover, recognizing the ambiguity of Public Act 99-482 not defining what should be included as applicable benefits, the new President's current contract limits the scope of any severance package to no more than 75% of annual base salary.

College Response to Finding #19

The College agrees with this recommendation.



## AUDITOR COMMENTS

### **Auditor Comment #2**

The audit examined the approval of changes to the President's contract. Section F of the President's employment agreement is discussed in detail on pages 87-88 of this report, including that on May 5, 2016, an order was signed by a circuit judge affirming that the Board violated the Open Meetings Act. Public Act 99-482, effective September 22, 2015, amended the Illinois Public Community College Act and added language that a contract may not include any automatic rollover clauses, and all renewals or extensions of contracts must be made during an open meeting of the board (110 ILCS 805/3-65 (b)(3)).



**RESPONSE TO RECOMMENDATION  
NUMBER 5**

**COLLEGE OF DuPAGE  
REGULAR BOARD MEETING**

**BOARD INFORMATION**

---

1. **SUBJECT**

Financial Statements: Schedule of Investments, Operating Funds – Budget and Expenditures, Operating Cash Available to Pay Annual Operating Expenses, and Disposal of Capital Assets.

2. **REASON FOR CONSIDERATION**

Provided for Board information.

3. **BACKGROUND INFORMATION**

- a) **Schedule of Investments** – This report is presented to the Board for information each month. It lists the Schedule of Investments for each of the College's Funds. The report details the purchase and maturity dates and interest rate earned.
- b) **Operating Funds – Budget and Expenditures** – This report is presented to the Board for information each month. It lists the budget-to-actual results for the current fiscal year for the Operating Funds.
- c) **Operating Cash Available to Pay Annual Operating Expenses** – This report is presented to the Board for information each month. It shows the amount of operating cash and investments on hand and Board-approved fund balance restrictions compared to prior year annual operating expenses and presents the ratio of cash available to annual operating expenses.
- d) **Disposal of Capital Assets** - This report is presented to the Board for information on a quarterly basis. This report lists the reason for the disposal, location, number of items and their respective dollar values.
- e) **Tax Levy Collections** – This report is presented to the Board for discussion purposes on a quarterly basis (July, October, January, April). This report lists the tax receipts by counties and also by each of the funds that levy taxes.

Staff Contact: Kim Michael-Lee, Interim CFO and Treasurer  
Scott Brady, Interim Controller

a.

COLLEGE OF DUPAGE  
TREASURY PORTFOLIO OVERVIEW  
AS OF JULY 31, 2016  
PRELIMINARY

# Overview of What the College Can Invest in

- Limitations of the investment policy:\*
- Insured or collateralized bank accounts
- Federally guaranteed securities (no more than 25% callable)
- Certain high quality commercial paper (limited in policy to 20%)
  - Maximum duration of 270 days
- Municipal bonds in top 4 categories rated (AAA to BBB)
- Treasury money markets (provided investment <5% of mutual fund size)
- Other money markets rated AA or above (limited to 5% of fund balance policy)
- Certain investment funds such as IIIT, PFM Prime, Illinois Funds with limitations as to percentages
- Policy lays out safety as primary consideration, followed by liquidity, followed by return

\*Summary. Please refer to Policy 10-55 for exact language

# Overview of Investment Performance

- For the month ended July 31, 2016, the College had an *average cash and investment* balance of \$264.8 million. The *average investment* balance was \$256.0 million.

	QE 6/30/16	ME 7/31/16	Fiscal YTD
Average Investment Balance (\$millions)	\$ 238.0	\$ 256.0	\$ 256.0
Interest Earned (Yield)	\$ 309,535	\$ 111,390	\$ 111,390
Annualized Yield %	0.52%	0.52%	0.52%
Realized Gain/(Loss)	\$ (7,729)	\$ (23,894)	\$ (23,894)
Yield + Realized Gain/(Loss)	\$ 301,806	\$ 87,496	\$ 87,496
Annualized Yield + Realized Gain/(Loss)%	0.51%	0.41%	0.41%
Unrealized Gain/(Loss)*	\$ 147,007	\$ (8,333)	\$ (8,333)
Net Yield + Realized & Unrealized Gain/(Loss)	\$ 448,813	\$ 79,163	\$ 79,163
Annualized %	0.75%	0.37%	0.37%

\*Unrealized gains/losses from BMO portfolios due mainly to market price fluctuations. Given high quality of assets, if held to term losses are unlikely.

- Return, here and on following pages, calculated by: (total income plus realized & unrealized gain/loss)/average period portfolio balance.
- The average period balance is calculated using the total balance at the beginning and at the end of that period.
- College owns certain securities, including commercial paper, which are bought at a discount or premium and pay interest when matured.

# Investment Monthly Balance Summary

➤ \$264.9 million cash and investment balance at month-end

## Monthly Ending Balances (\$ millions)

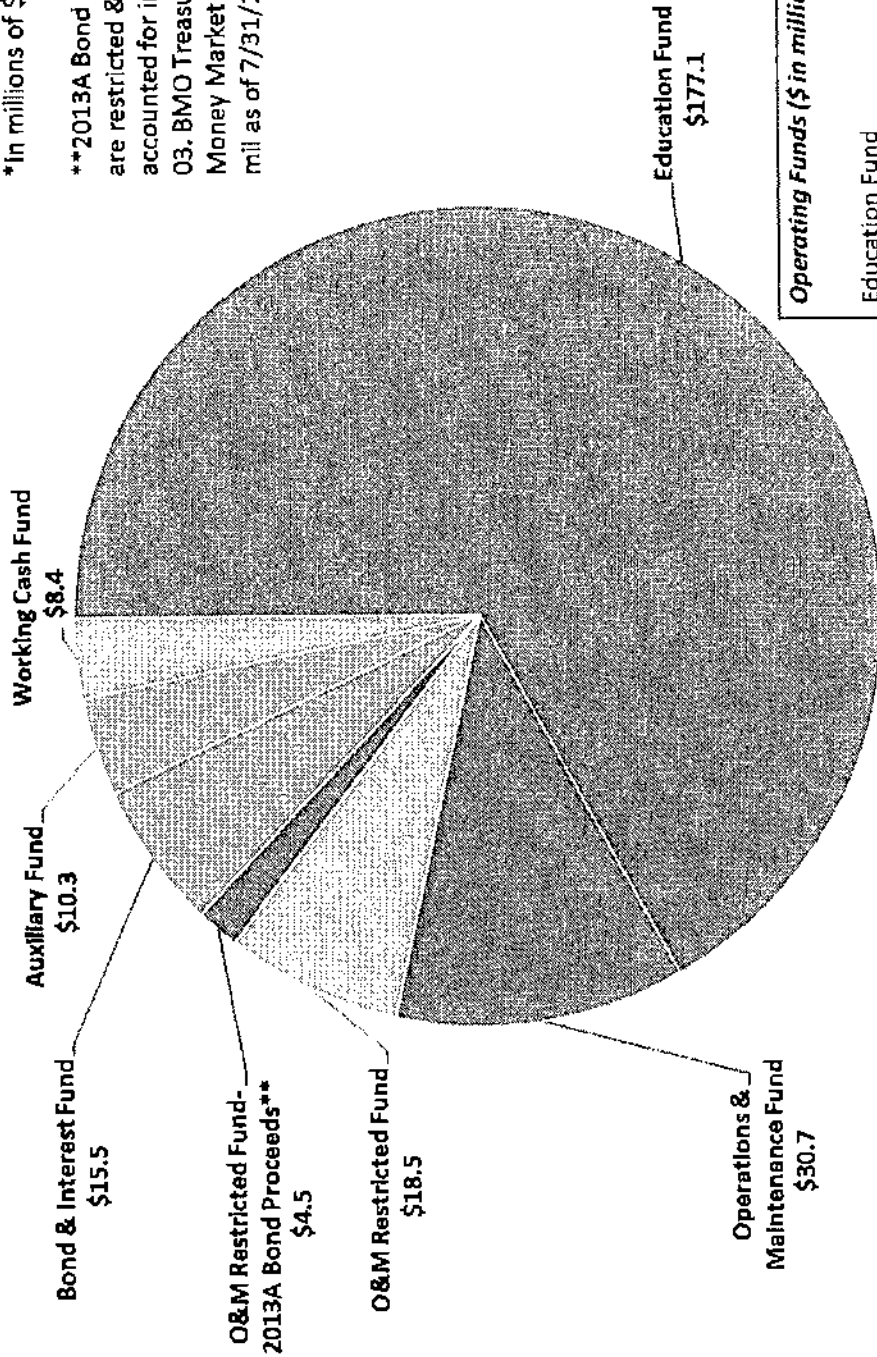
	<u>6/30/15</u>	<u>6/30/16</u>	<u>7/31/16</u>	<u>Change: 6/30/16 to Month-End</u>
Amalgamated Trust (Gov't. Agencies)	\$ 55.4	\$ -	\$ -	\$ -
BMO Asset Management	-	258.4	253.8	(4.6)
Chase HY Savings	64.6	-	-	-
Great Lakes Portfolio	20.0	-	-	-
Fifth Third CDs	6.0	0.3	-	(0.3)
MB Financial NOW	20.0	-	-	-
Multibank CDs	4.5	-	-	-
Northern Trust	33.7	-	-	-
PFM Operating	25.9	-	-	-
US Bank/IL Funds	-	0.2	-	(0.2)
PMA/ISDLAF	0.3	-	-	-
Wheaton NOW	16.2	-	-	-
Subtotal	246.6	258.9	253.8	(5.1)
Cash & Cash Equivalents	17.2	10.9	11.1	0.2
Total Cash & Investments	\$ 263.8	\$ 269.8	\$ 264.9	\$ (4.9)



# July 31, 2016 Portfolio Overview: Assets by Fund Allocation (\$264.9 MM total)

\*In millions of \$

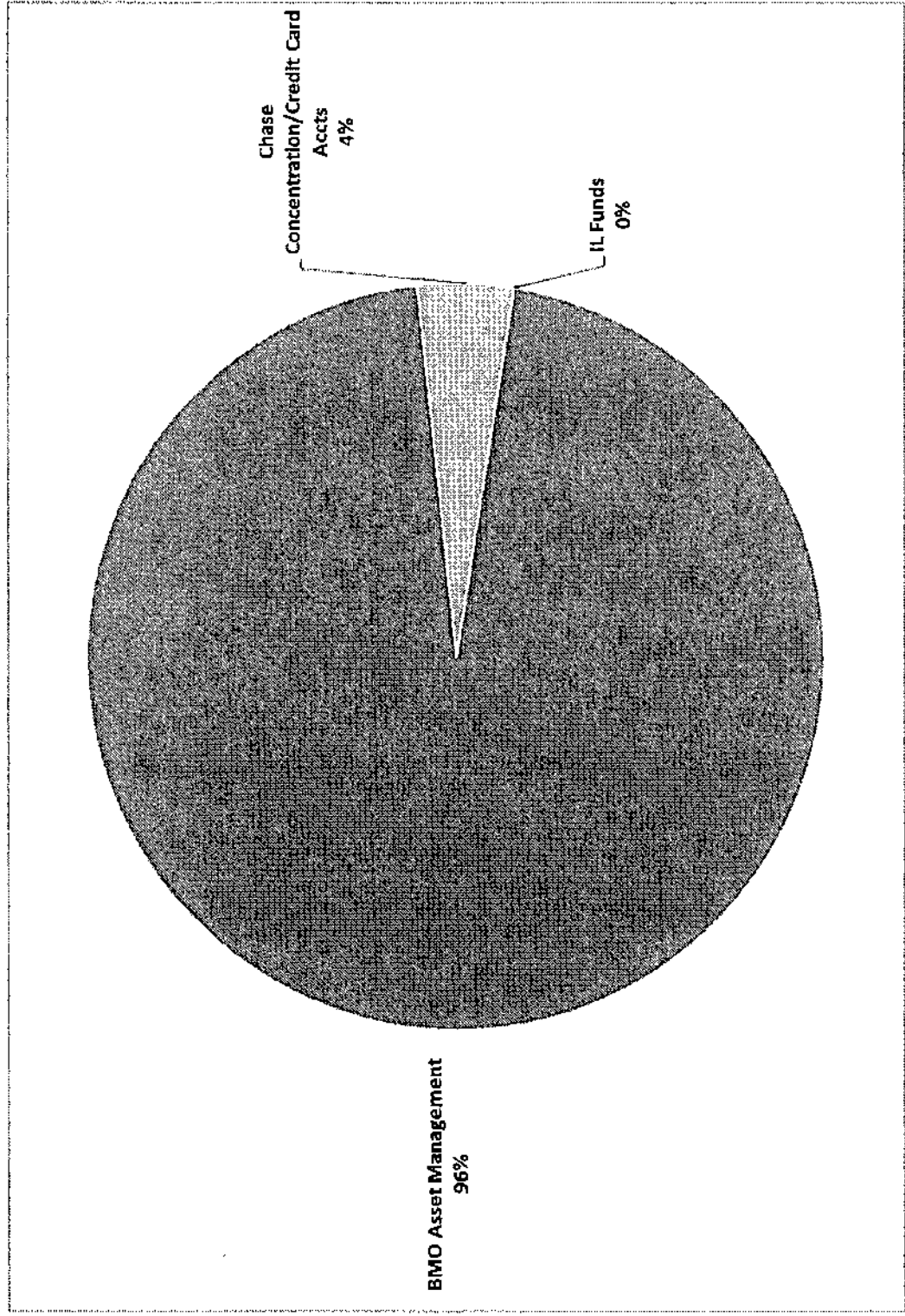
\*\*2013A Bond Proceeds are restricted & accounted for in Fund 03, BMO Treasury Money Market of \$4.5 mil as of 7/31/16.



Education Fund	\$ 177.1
Operations & Maintenance Fund	30.7
Less: Agency Funds Balance	(1.0)
Add: Restricted Purposes Fund Balance	2.7
<b>Total Operating Cash/Investments</b>	<b>\$ 209.5</b>

Note: Cash and investments held in College of DuPage's name. For accounting purposes, cash and investments are held in the Education Fund and allocated to other funds.

July 31, 2016 Portfolio Overview:  
Assets by Location/Firm (\$264.9 MM total)



# July 31, 2016 Portfolio Overview: Assets by Investment Type (\$264.9 MM total)

College Of DuPage  
Investments - Compliance with Board Policy 10-55  
July 31, 2016

<u>Institution</u>	<u>Holding Type</u>	<u>Balance</u>	<u>% of Total Investments</u>
Fifth Third Securities	Certificates of Deposit	-	0.0%
Fifth Third Securities	Money Market Mutual Fund - Invest in US Treasury Securities	-	0.0%
Multi-Bank Securities, Inc (MBS)	Certificates of Deposit	-	0.0%
Multi-Bank Securities, Inc (MBS)	Money Market Mutual Fund - Invest in US Treasury Securities	-	0.0%
BMO Asset Management	Fed Agency Bond / Note (Callable)	2,500,350	1.0%
BMO Asset Management	Fed Agency Bond / Note (Non-Callable)	163,231,872	64.3%
BMO Asset Management	State and Municipal Bonds	20,025,172	7.9%
BMO Asset Management	Commercial Paper	46,580,752	18.4%
BMO Asset Management	Money Market Mutual Fund - Invest in US Treasury Securities	16,948,442	6.7%
BMO Asset Management (2013A Bonds)	Money Market Mutual Fund - Invest in US Treasury Securities	4,493,178	1.8%
U.S. Bank (IL Funds)	Local government investment pool	-	0.0%
Northern Trust	Money Market Mutual Fund - Invest in US Treasury Securities	-	0.0%
Amalgamated Bank (Great Lakes)	Money Market Mutual Fund - Invest in US Treasury Securities	-	0.0%
<b>Total Investments</b>		<b>253,779,766</b>	<b>100.0%</b>
<b>Total Operating Investments Balance (Total, less BMO 2013A Bonds funds)</b>		<b>249,286,588</b>	
<b>Chase Concentration &amp; Petty Cash Balances</b>		<b>11,110,421</b>	
<b>Total Cash &amp; Investments</b>		<b>264,890,187</b>	

- Notes:**
1. IL Funds is rated AAAM by S&P, per it's website. No mention of any other rating service rating (like Moody's).
  2. All other investments are compliant with College's current investment policy as of month-end.

# July 31, 2016 Portfolio Overview: Assets by Investment Type, continued (\$264.9 MM total)

- Assets by investment type, organized by investment policy categories:

Row Labels	Sum of Balance	Sum of % of Total Investments	% Limitation per Policy 10-55
1	-	0.0%	0.0%
Certificates of Deposit	-	0.0%	None
Money Market	-	0.0%	None
Savings	-	0.0%	None
2	165,732,222	65.3%	65.3%
Fed Agency Bond / Note (Callable)	2,500,350	1.0%	25.0%
Fed Agency Bond / Note (Non-Callable)	163,231,872	64.3%	None
3	-	0.0%	0.0%
Local government investment pool	-	0.0%	< 5% in single fund
5	46,580,752	18.4%	18.4%
Commercial Paper	46,580,752	18.4%	20.0%
7	21,441,620	8.4%	8.4%
Money Market Mutual Fund - Invest in US Treasury Securities	21,441,620	8.4%	(1)
10	20,025,172	7.9%	7.9%
State and Municipal Bonds	20,025,172	7.9%	None
<b>Grand Total</b>	<b>253,779,766</b>	<b>100.0%</b>	

(1) - Category 7 - MM Mutual Funds, Invest in US Treasury Securities limits to no more than 5% of the total asset in the fund.

Institution	Balance	% of total fund assets	in compliance
Fifth Third Securities	-	0.00%	in compliance
Multi-Bank Securities, Inc. (MBS)	-	0.00%	in compliance
BMO Asset Management	21,441,620	2.83%	in compliance
Northern Trust	-	0.00%	in compliance

# BMO Asset Management – Operating Cash




College of DuPage- Operating Cash

Account Number: [REDACTED]  
Statement Period: 07/01/16 through 07/31/16

## Investment Position 07/31/16

	Total Cost	Total Market	Market Appreciation/ Depreciation	% of Account at Market	Accrued Income	Estimated Annual Income	Market Yield
Fixed Income							
Treasury and Federal Agencies Short (Less Than 5 Years)	165,643,645.43	165,732,222.12	86,576.69	66.48	109,200.50	641,706.00	.39 %
Total Treasury and Federal Agencies	<u>165,643,645.43</u>	<u>165,732,222.12</u>	<u>86,576.69</u>	<u>66.48</u>	<u>109,200.50</u>	<u>641,706.00</u>	<u>.39 %</u>
State and Municipal Short (Less Than 5 Years)	20,245,703.10	20,025,171.60	-220,531.50	8.03	110,393.18	475,396.00	2.37 %
Total State and Municipal	<u>20,245,703.10</u>	<u>20,025,171.60</u>	<u>-220,531.50</u>	<u>8.03</u>	<u>110,393.18</u>	<u>475,396.00</u>	<u>2.37 %</u>
Total Fixed Income	<u>185,889,348.53</u>	<u>185,757,393.72</u>	<u>-131,954.81</u>	<u>74.51</u>	<u>219,593.68</u>	<u>1,117,102.00</u>	<u>.60 %</u>
Cash Equivalent	63,296,119.75	63,296,119.75	0.00	25.39	36,079.36	29,651.00	.05 %
Total Assets	<u>249,185,468.28</u>	<u>249,053,513.47</u>	<u>-131,954.81</u>	<u>99.90</u>	<u>255,672.96</u>	<u>1,146,753.00</u>	<u>.46 %</u>

# BMO Asset Management – GO Bonds Series

 BMO Financial Group  
 BMO Harris Bank N.A.

College of DuPage-GO Bonds Series

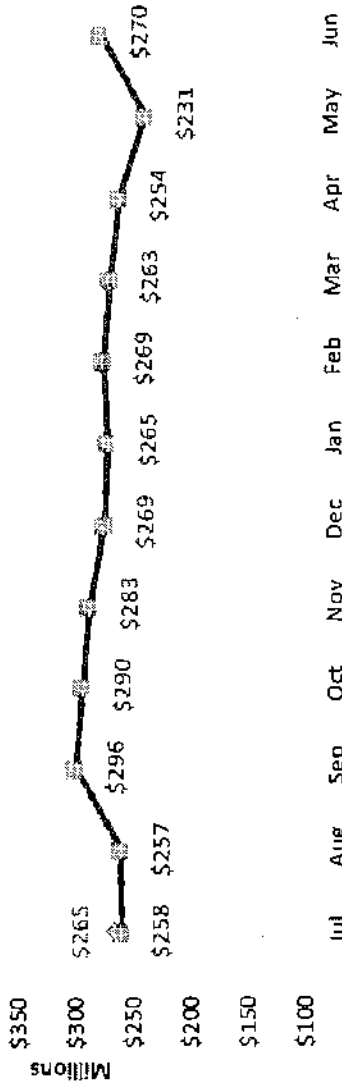
Account Number: [REDACTED]  
 Statement Period: 07/01/16 through 07/31/16

## Investment Position 07/31/16

	Total Cost	Total Market	Market Appreciation/ Depreciation	% of Account at Market	Accrued Income	Estimated Annual Income	Market Yield
Cash Equivalent	4,726,252.71	4,726,252.71	0.00	99.98	764.86	8,383.00	.18 %
<b>Total Assets</b>	<u>4,726,252.71</u>	<u>4,726,252.71</u>	<u>0.00</u>	<u>99.98</u>	<u>764.86</u>	<u>8,383.00</u>	<u>.18 %</u>
Accrued Income							
Interest	764.86	764.86		.02			
<b>Total Accrued Income</b>	<u>764.86</u>	<u>764.86</u>	<u>0.00</u>	<u>.02</u>			
<b>Total Assets and Accruals</b>	<u>4,727,017.57</u>	<u>4,727,017.57</u>	<u>0.00</u>	<u>100.00</u>	<u>764.86</u>	<u>8,383.00</u>	<u>.18 %</u>

# Monthly Trends

Total Funds\* Monthly Cash + Investment Balance



FY2017 FY2016

Total Funds*										
FY2015 Key Revenue & Expenditure Seasonality Chart										
	Property Taxes		Tuition & Fees		Salary Expense		Debt Service Expense		Cash + Investment Balance As Of	
	Jul 2014	\$ 2,105,962	\$ 31,106,675	\$ 5,569,351	\$ 1,928,325	\$ 251,935,814				
Aug	3,909,321	17,510,958	6,850,529	-	254,017,896					
Sep	42,494,341	3,117,493	8,213,334	-	293,880,122					
Oct	2,583,327	3,758,089	14,337,264	-	285,088,859					
Nov	1,518,442	12,087,768	9,618,088	5,215,378	274,565,860					
Dec	1,215,971	13,097,735	9,301,405	6,863,325	263,858,126					
Jan 2015	22,943	11,051,542	6,854,215	-	264,730,102					
Feb	1,514,908	1,274,740	9,263,099	-	253,370,721					
Mar	3,161,013	2,396,890	9,405,749	-	247,980,231					
Apr	163,289	2,328,007	9,349,649	-	254,782,610					
May	884,256	2,557,046	11,520,336	20,285,378	225,515,828					
Jun 2015	48,423,069	516,200	9,123,552	-	264,591,657					
Total FY15	\$ 107,996,843	\$ 100,803,142	\$ 109,406,571	\$ 34,292,405	\$ 264,591,657					

\*total funds = Funds 01-07, 10

# OTHER INFORMATION: 2013A BONDS



# College of DuPage – 2013A Building Bonds

## College of DuPage - 2013A Building Bonds

Date of Issue	5/31/2013
Original Bond Proceeds <sup>(1)</sup>	\$ 93,455,230
Original Expense Budget	93,455,230
Expenses to Date <sup>(2)</sup>	(89,869,501)
Total investment income to-date	908,214
<b>Future Funds Available <sup>(3)</sup></b>	<b>\$ 4,493,943</b>

Notes:

- (1) Original bond proceeds were \$97.5 million. \$93.5 million were allocated to the construction fund and \$4.0 million were allocated to the Bond and Interest fund as capitalized interest.
- (2) The expenses to date represent actual disbursements and \$555 thousand of Issuance Costs paid at the time of the bond issuance.
- (3) Future funds available reflect original bond proceeds plus investment income less expenses to date

# College of DuPage – 2013A Building Bonds Project Summary

## College of DuPage

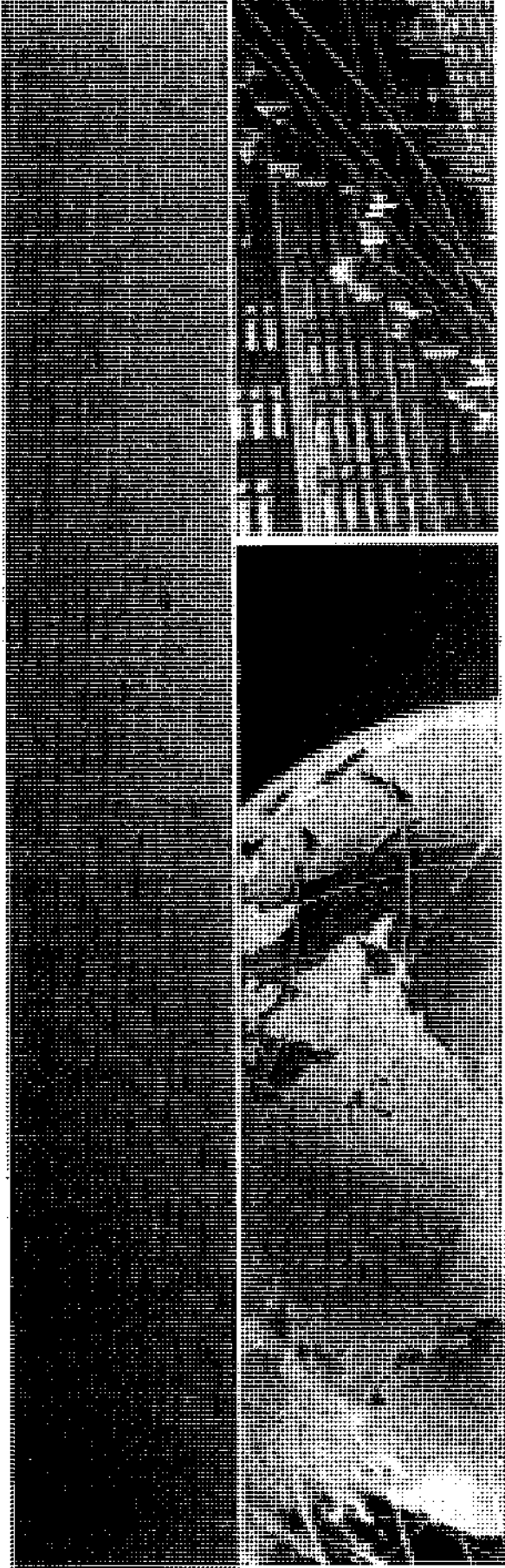
### Construction Bond Proceeds Spent-to-date (Referendum #2) (000's)

Project	Spent
Student Resource Center (SRC)	\$ 39,698
Seaton Computing Center (SCC)	6,910
McAninch Arts Center (MAC)	33,841
Physical Education Center (PE)	25,062
Site & Ground (Campus Wide)	14,140
Infrastructure (Campus Wide)	4,269
Homeland Security	15,952
Parking Improvements	8,328
Naperville Regional Center	5,796
Campus Maintenance Center	9,433
Athletic Facilities	2,076
SRC - 3rd Floor ACC	-
SRC - South Lobby Glass	1,422
SRC - South Lobby Hallway	1,247
Campus Artwork	105
Campus Site Improvements	1,015
Parking West	5,555
Irrigation & Drainage	1,110
FY 14 - Site Infra Prk Improvements	3,378
FY 15 - Site Infra Prk Improvements	99
	<u>\$ 179,436</u>
Less: 2011 Bonds	(90,121)
Spent to Date 2013 Bonds	\$ 89,315
Add: Issuance costs	555
<b>2013A Building Bonds Expenses to-date</b>	<b>\$ 89,870</b>

#### Notes:

- 1) Amounts are unaudited and based on amounts in the College's accounting system
- 2) Amounts are based on cash payments and do not include retentions

**APPENDIX:  
JULY 31, 2016  
BMO ASSET MANAGEMENT  
PORTFOLIO SUMMARY**



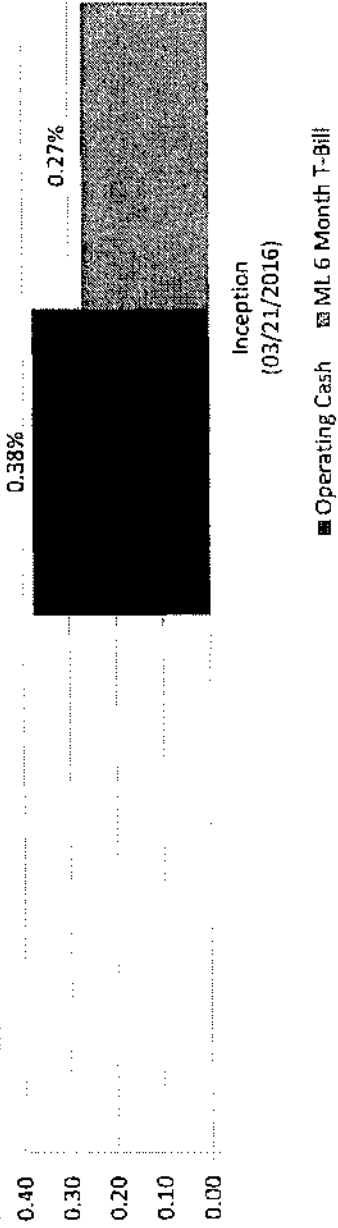
07/29/2016

Prepared for  
College of DuPage

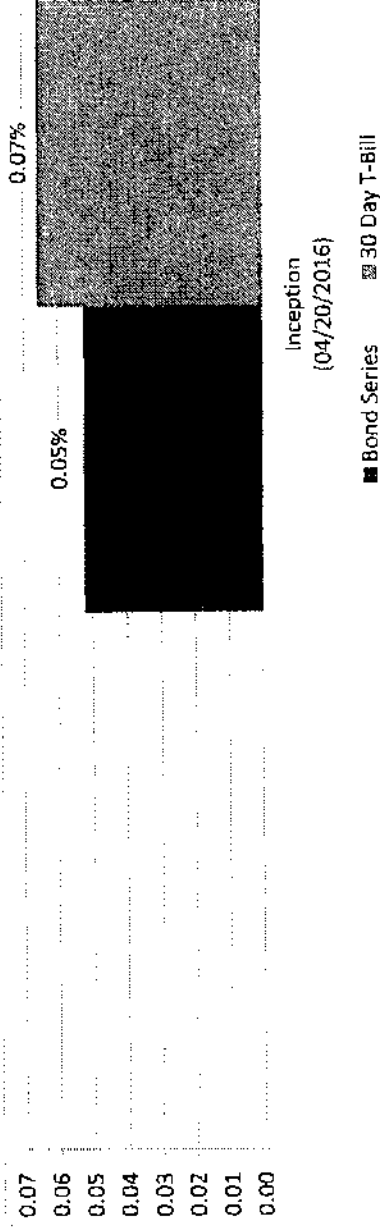
**BMO**  **Global Asset Management**  
A part of BMO Financial Group

**College of DuPage Consolidated Report - Performance Update**

**Operating Cash**



**Bond Series**



# Summary

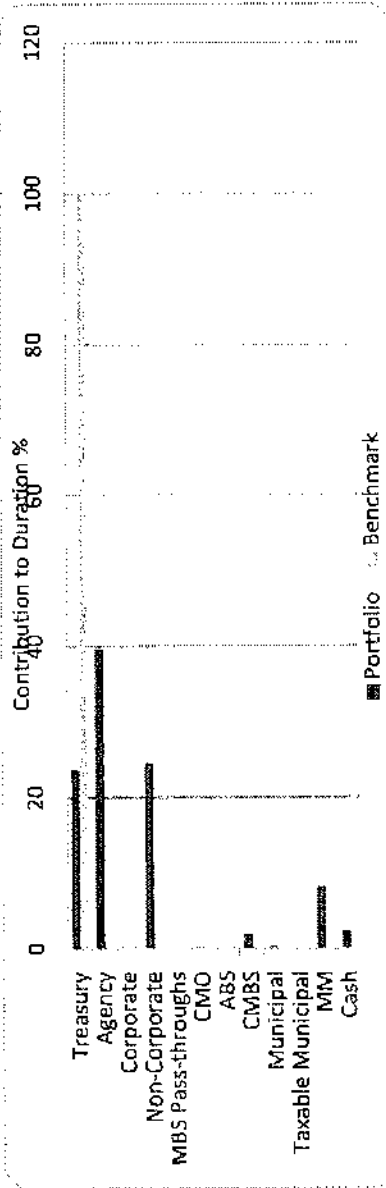
## College of DuPage Consolidated Report

07/29/2016

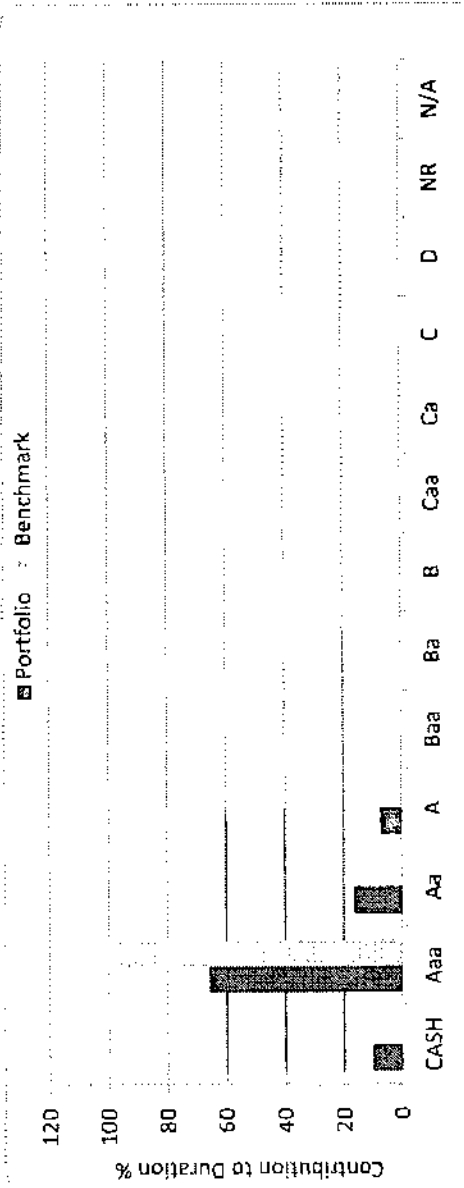
### Fundamentals

	Portfolio	Benchmark
Port Mkt Val (000)	254,005	
YTW	0.56	0.36
Coupon	0.46	0.00
Maturity (Yrs)	0.46	0.51
Quality	Aaa	Aaa
Eff Dur	0.325	0.519

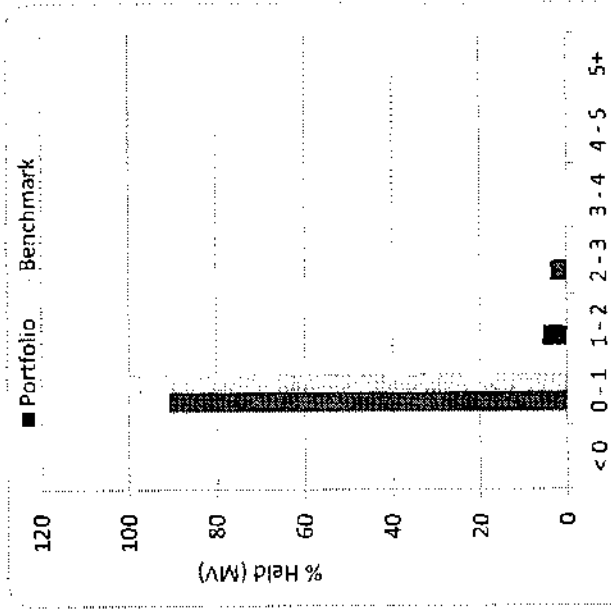
### Contribution to Duration by Sector



### Contribution to Duration by Quality



### Effective Duration Allocation



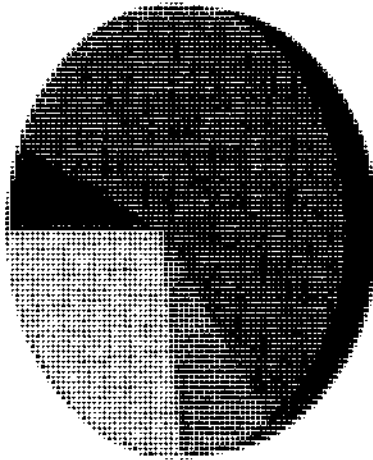
# Sector & Quality Allocations

## College of DuPage Consolidated Report

07/29/2016

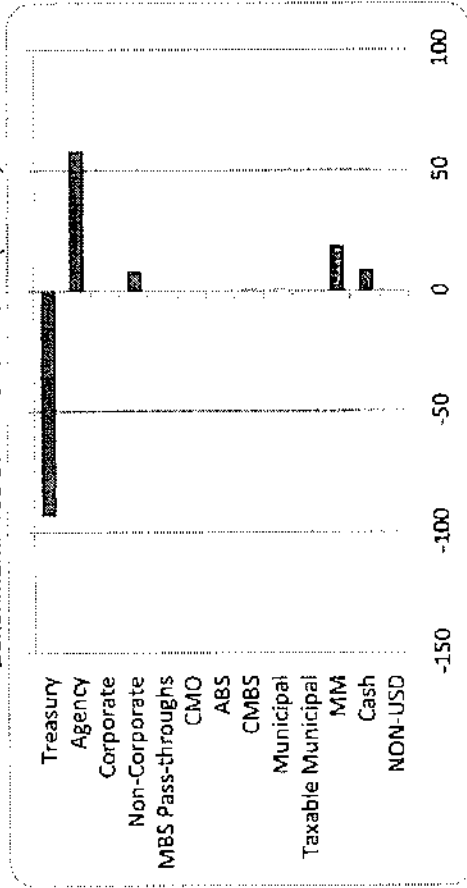
### Sector Allocation

- Treasury: 6.9%
- Agency Corporate: 57.8%
- Non-Corporate: 7.7%
- CMO: 0.1%
- CMBS: 0.5%
- Municipal: 0.3%
- MM: 18.3%
- Cash: 8.4%
- N/A: 0.0%



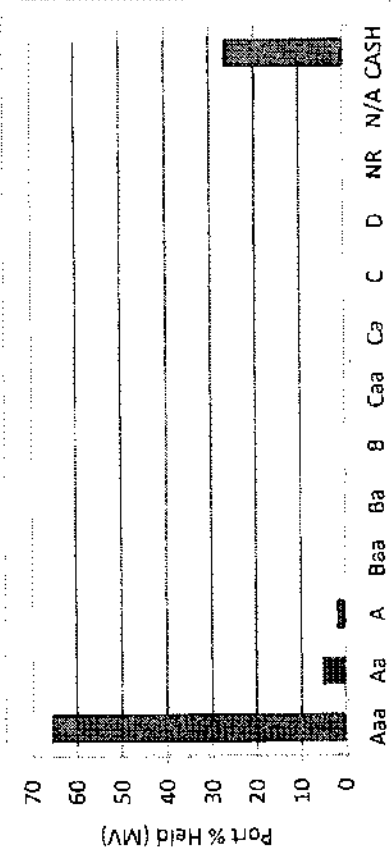
### Sector Difference Relative to Benchmark (% MV Held)

Benchmark: 180 DAY T-BILL INDEX (180DY)



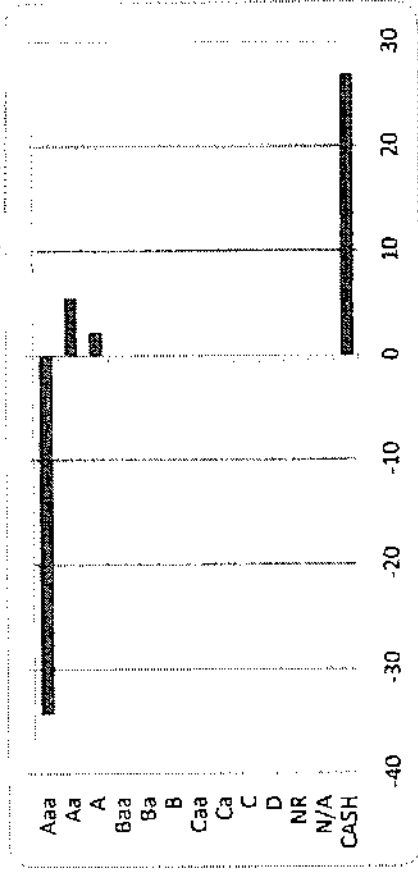
### Quality Allocation

Quality Rating: Aaa



### Quality Difference Relative to Benchmark (% MV Held)

Benchmark: 180 DAY T-BILL INDEX (180DY)



College of DuPage 7/29/2016

Average Life	Market Value	% of Total
0 - 6 Months	\$ 183,970,119	72.4%
6 Months - 1 Year	\$ 30,570,716	12.0%
1 Year - 2 Years	\$ 29,738,129	11.7%
2 Years - 3 Years	\$ 9,726,006	3.8%
<b>Total</b>	<b>\$ 254,004,970</b>	<b>100.0%</b>

**Percent Ownership of Gov't Money Market Fund**

As of 7/29/2016 2.43%



# Standard Holdings

07/29/2016

Sector	1	Par (000)	Issuer Name	Quality	Coupon (%)	Maturity	Mkt Value (\$)	% Held (M)	Avg Life	Eff Dfr
<b>CASH</b>	<b>21,441</b>				<b>0.31</b>	<b>Avg Life=0.1</b>	<b>21,441,000</b>	<b>8.44</b>	<b>0.083</b>	<b>0.085</b>
	4,726		CASH & EQUIVALENTS	Aaa	0.31	8/29/2016	4,726,000	1.86	0.083	0.085
	16,715		CASH & EQUIVALENTS	Aaa	0.31	8/29/2016	16,715,000	6.58	0.083	0.085
<b>TSY</b>	<b>17,380</b>				<b>1.00</b>	<b>Avg Life=1.1</b>	<b>17,517,314</b>	<b>6.90</b>	<b>1.117</b>	<b>1.109</b>
	5,000		UNITED STATES TREAS NTS	Aaa	1.00	10/31/2016	5,021,328	1.98	0.250	0.257
	1,700		UNITED STATES TREAS NTS	Aaa	1.00	3/31/2017	1,711,337	0.67	0.667	0.667
	1,250		UNITED STATES TREAS NTS	Aaa	0.63	5/31/2017	1,251,972	0.49	0.833	0.834
	1,720		UNITED STATES TREAS NTS	Aaa	0.50	7/31/2017	1,722,774	0.68	1.000	0.998
	1,000		UNITED STATES TREAS NTS	Aaa	1.88	9/30/2017	1,020,968	0.40	1.167	1.155
	650		UNITED STATES TREAS NTS	Aaa	0.63	11/30/2017	650,707	0.26	1.333	1.330
	225		UNITED STATES TREAS NTS	Aaa	0.75	12/31/2017	225,502	0.09	1.417	1.414
	485		UNITED STATES TREAS NTS	Aaa	0.75	3/31/2018	486,940	0.19	1.667	1.654
	1,025		UNITED STATES TREAS NTS	Aaa	0.63	4/30/2018	1,026,003	0.40	1.750	1.737
	1,350		UNITED STATES TREAS NTS	Aaa	1.00	5/31/2018	1,360,330	0.54	1.833	1.816
	300		UNITED STATES TREAS NTS	Aaa	1.38	7/31/2018	306,252	0.12	2.000	1.964
	1,775		UNITED STATES TREAS NTS	Aaa	1.38	9/30/2018	1,809,343	0.71	2.167	2.131
	250		UNITED STATES TREAS NTS	Aaa	1.50	12/31/2018	255,081	0.10	2.417	2.380
	650		UNITED STATES TREAS NTS	Aaa	1.63	3/31/2019	668,777	0.26	2.667	2.604
<b>AGY</b>	<b>146,774</b>				<b>0.29</b>	<b>Avg Life=0.4</b>	<b>146,904,947</b>	<b>57.84</b>	<b>0.450</b>	<b>0.221</b>
	5,000		FHLB DISC NT	Aaa	0.00	8/3/2016	4,999,950	1.97	0.014	0.014
	4,400		FNMA DISC NT	Aaa	0.00	8/3/2016	4,399,956	1.73	0.014	0.014
	10,000		FHLB DISC NT	Aaa	0.00	8/5/2016	9,999,700	3.94	0.019	0.019
	7,500		FFCB DISC NT	Aaa	0.00	8/8/2016	7,499,775	2.95	0.027	0.027
	8,600		FHLB DISC NT	Aaa	0.00	8/11/2016	8,599,570	3.39	0.036	0.036
	2,500		FHLB OISC NT	Aaa	0.00	8/12/2016	2,499,825	0.98	0.038	0.038
	10,549		FHLB DISC NT	Aaa	0.00	8/15/2016	10,548,261	4.15	0.046	0.047
	7,600		FHLB DISC NT	Aaa	0.00	8/18/2016	7,599,392	2.99	0.055	0.055
	2,000		FEDERAL HOME LOAN BANKS	Aaa	0.43	8/18/2016	2,000,361	0.79	0.083	0.055
	1,000		FHLB DISC NT	Aaa	0.00	8/19/2016	999,890	0.39	0.057	0.057
	2,500		FEDERAL HOME LOAN BANKS	Aaa	0.45	8/29/2016	2,505,569	0.99	0.083	0.085

Sector	Par (000)	Issuer Name	Quality	Coupon (%)	Maturity	Mkt Value (\$)	% Held (M)	Avg Life	Eff. Rate
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.41	9/2/2016	2,500,764	0.98	0.083	0.034
	8,500	FHLB DISC NT	Aaa	0.00	9/7/2016	8,497,875	3.35	0.109	0.109
	3,500	FHLMC DISC NT	Aaa	0.00	9/9/2016	3,499,090	1.38	0.115	0.115
	4,000	FHLB DISC NT	Aaa	0.00	9/16/2016	3,998,760	1.57	0.134	0.134
	2,000	FFCB DISC NT	Aaa	0.00	9/27/2016	1,999,240	0.79	0.164	0.164
	1,000	FEDERAL FARM CR BKS	Aaa	0.49	10/3/2016	1,000,592	0.39	0.167	0.053
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.48	11/21/2016	2,500,514	0.98	0.333	0.125
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.47	11/21/2016	2,500,434	0.98	0.333	0.127
	2,000	FEDERAL FARM CR BKS	Aaa	0.48	12/15/2016	2,000,811	0.79	0.417	0.129
	210	TENNESSEE VALLEY AUTH	Aaa	4.88	12/15/2016	214,611	0.08	0.417	0.379
	4,850	FEDERAL FARM CREDIT BANKS 4	Aaa	0.00	12/19/2016	4,850,000	1.91	0.417	0.392
	2,000	FEDERAL HOME LOAN BANKS	Aaa	0.48	1/13/2017	2,000,745	0.79	0.417	0.143
	1,000	FEDERAL NATL MTG ASSN	Aaa	1.25	1/30/2017	1,010,155	0.40	0.500	0.502
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.47	2/13/2017	2,500,695	0.98	0.500	0.165
	2,500	FEDERAL FARM CR BKS	Aaa	0.52	2/13/2017	2,501,450	0.98	0.500	0.152
	2,000	FEDERAL HOME LOAN BANKS	Aaa	0.47	2/24/2017	2,000,090	0.79	0.583	0.197
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.49	3/10/2017	2,501,102	0.98	0.583	0.166
	4,000	FEDERAL FARM CR BKS	Aaa	0.53	4/17/2017	4,001,269	1.58	0.750	0.191
	2,000	FEDERAL HOME LOAN BANKS	Aaa	0.54	4/19/2017	2,000,962	0.79	0.750	0.193
	2,000	FEDERAL HOME LOAN BANKS	Aaa	0.48	5/16/2017	2,002,758	0.79	0.833	0.178
	515	FEDERAL HOME LOAN BANKS	Aaa	0.63	5/30/2017	515,692	0.20	0.833	0.831
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.51	7/3/2017	2,501,074	0.98	0.917	0.199
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.53	7/12/2017	2,500,571	0.98	0.917	0.222
	2,000	FEDERAL FARM CR BKS	Aaa	0.51	7/14/2017	2,000,024	0.79	1.000	0.237
	1,330	FEDERAL HOME LN MTG CORP	Aaa	1.00	7/28/2017	1,334,825	0.53	1.000	0.991
	2,000	FEDERAL HOME LOAN BANKS	Aaa	0.56	10/18/2017	2,000,103	0.79	1.250	0.262
	2,000	FEDERAL FARM CR BKS	Aaa	0.60	11/13/2017	2,001,271	0.79	1.250	0.237
	2,500	FEDERAL HOME LOAN BANKS	Aaa	0.53	11/15/2017	2,502,879	0.99	1.333	0.215
	415	TENNESSEE VALLEY AUTH	Aaa	6.25	12/15/2017	449,096	0.18	1.417	1.332
	2,500	FEDERAL NATL MTG ASSN	Aaa	0.60	12/20/2017	2,503,241	0.99	1.417	0.273
	2,500	FEDERAL NATL MTG ASSN	Aaa	0.64	1/11/2018	2,502,943	0.99	1.417	0.311
	1,500	FEDERAL FARM CR BKS	Aaa	0.63	1/25/2018	1,500,855	0.59	1.500	0.273
	1,000	FEDERAL FARM CR BKS	Aaa	0.60	2/6/2018	1,001,430	0.39	1.500	0.168
	1,500	FEDERAL FARM CR BKS	Aaa	0.52	2/26/2018	1,497,950	0.59	1.583	0.364

Sector	Par (000)	Issuer Name	Quality	Coupon (%)	Maturity	Mkt Value (\$)	% Held (M)	Avg Life	Est Dur
	1,300	FEDERAL HOME LOAN BANKS	Aaa	0.88	3/19/2018	1,306,981	0.51	1.667	1.618
	1,300	FEDERAL NATL MTG ASSN	Aaa	0.88	3/28/2018	1,306,631	0.51	1.667	1.643
	1,300	FEDERAL NATL MTG ASSN	Aaa	1.13	10/19/2018	1,313,669	0.52	2.250	2.188
	1,105	FEDERAL NATL MTG ASSN	Aaa	1.38	1/28/2019	1,120,678	0.44	2.500	2.458
	1,300	FEDERAL NATL MTG ASSN	Aaa	1.00	2/26/2019	1,310,868	0.52	2.583	2.534
<b>OGVT</b>	<b>19,125</b>		<b>Aa3</b>	<b>2.32</b>	<b>Avg Life=1.1</b>	<b>19,468,626</b>	<b>7.66</b>	<b>1.063</b>	<b>1.036</b>
400		COTATI-ROHNERT PK CALIF UNI	Aa2	1.10	8/1/2016	402,176	0.16	0.006	0.008
200		UNIVERSITY TEX UNIV REVS FI	Aaa	3.08	8/15/2016	202,997	0.08	0.083	0.046
700		ARIZONA SCH FACS BRD CTFS P	Aa3	0.95	9/1/2016	702,810	0.28	0.083	0.093
500		MARYLAND ST CMNTY DEV ADMIN	Aa2	1.13	9/1/2016	502,267	0.20	0.083	0.093
225		IRONDALE ALA GO WTS A	Aa2	0.80	10/1/2016	225,567	0.09	0.167	0.174
630		SHELBY CHARTER TWP MICH GO	Aa1	2.00	10/1/2016	635,743	0.25	0.167	0.175
215		CALIFORNIA EDL FACS AUTH RE	A2	1.25	10/1/2016	216,018	0.09	0.167	0.174
1,000		NEW YORK N Y GO BDS 2012D-	Aa2	1.70	10/1/2016	1,007,652	0.40	0.167	0.175
650		MEADVILLE PA GO BDS C	A1	1.31	10/1/2016	653,112	0.26	0.167	0.174
225		NEW YORK N Y CITY HSG DEV C	Aa2	0.86	11/1/2016	225,347	0.09	0.250	0.259
1,000		SAN FRANCISCO CALIF CITY &	Aa3	4.00	11/1/2016	1,017,368	0.40	0.250	0.259
330		NEW YORK ST DORM AUTH REVS	Aaa	0.87	12/1/2016	330,630	0.13	0.333	0.341
895		SPRINGBORO OHIO CMNTY CITY	Aa2	0.90	12/1/2016	896,778	0.35	0.333	0.341
250		SOUTH DAKOTA BRD REGTS HSG	Aa2	4.88	4/1/2017	260,575	0.10	0.667	0.659
500		MONTGOMERY CNTY MD REV LTD	Aa1	5.00	5/1/2017	522,576	0.21	0.750	0.742
795		CLEMSON UNIV S C UNIV REVS	Aa3	4.00	5/1/2017	822,513	0.32	0.750	0.744
200		UNIVERSITY CALIF REVS FOR P	Aa2	0.93	5/15/2017	201,026	0.08	0.833	0.790
300		NEW CASTLE PA SANTN AUTH SW	Aa2	4.24	6/1/2017	310,327	0.12	0.833	0.827
750		NEW JERSEY ECONOMIC DEV AUT	A3	1.80	6/15/2017	753,302	0.30	0.917	0.868
1,000		HAWAII ST GO BDS ES	Aa2	1.23	8/1/2017	1,010,947	0.40	1.000	0.995
500		LOS ANGELES CALIF CMNTY COL	Aa1	1.31	8/1/2017	505,581	0.20	1.000	0.994
40		MISSISSIPPI ST TAXABLE GO R	Aa2	1.09	10/1/2017	40,353	0.02	1.167	1.163
465		GEORGIA ST GO BDS 2010-C	Aaa	2.59	10/1/2017	477,243	0.19	1.167	1.150
500		NEW YORK N Y CITY HSG DEV C	Aa2	1.27	11/1/2017	503,402	0.20	1.250	1.244
300		MACON & DE WITT CNTYS ILL C	A1	3.75	12/1/2017	310,329	0.12	1.333	1.304
300		ATLANTA & FULTON CNTY GA RE	Aa1	1.55	12/1/2017	303,872	0.12	1.333	1.325
500		LA SALLE & BUREAU CNTYS ILL	A1	5.15	12/1/2017	529,624	0.21	1.333	1.297
250		ROSEMONT ILL TAXABLE GO REF	A3	3.00	12/1/2017	255,413	0.10	1.333	1.309

Sector	Par (000)	Issuer Name	Quality	Coupon (%)	Maturity	Mkt Value (\$)	% Held (M)	Avg Life	Eff Dur
	1,980	NEW JERSEY ECONOMIC DEV AUT	A3	2.42	6/15/2018	1,991,225	0.78	1.917	1.822
	1,000	LOS ANGELES CNTY CALIF REDE	Aa3	2.06	8/1/2018	1,025,410	0.40	2.000	1.945
	2,000	INDUSTRY CALIF PUB FACS AUT	Aa2	3.04	1/1/2019	2,088,947	0.82	2.417	2.341
	525	FLORIDA ST BRD ADMIN FIN CO	Aa3	2.16	7/1/2019	537,496	0.21	2.917	2.828
<b>CMO</b>	<b>135</b>		<b>Aaa</b>	<b>4.50</b>	<b>Avg Life=0.9</b>	<b>139,419</b>	<b>0.05</b>	<b>0.917</b>	<b>0.898</b>
	135	FHLMC 4459- NB	Aaa	4.50	1/15/2020	139,419	0.05	0.917	0.898
<b>CMBS</b>	<b>1,267</b>		<b>Aaa</b>	<b>1.23</b>	<b>Avg Life=2.1</b>	<b>1,272,323</b>	<b>0.50</b>	<b>2.076</b>	<b>1.208</b>
	201	FNMA 2015-M1- ASQ2	Aaa	1.63	2/25/2018	202,356	0.08	1.333	1.364
	125	FNMA 2015-M07- ASQ2	Aaa	1.55	4/25/2018	125,856	0.05	1.583	1.597
	88	FNMA 2015-M3- FA	Aaa	0.66	6/25/2018	87,876	0.03	1.750	0.471
	81	FNMA 2015-M4- FA	Aaa	0.65	9/25/2018	80,753	0.03	2.000	0.514
	43	FNMA 2015-M08- FA	Aaa	0.61	1/25/2018	42,943	0.02	2.000	0.512
	110	FNMA 2015-M15- ASQ2	Aaa	1.90	1/25/2019	111,392	0.04	1.833	1.867
	240	FNMA 2015-M13- ASQ2	Aaa	1.65	9/25/2019	242,122	0.10	2.167	2.168
	379	FNMA 2015-M12- FA	Aaa	0.78	4/25/2020	379,025	0.15	2.750	0.584
<b>MUNI</b>	<b>650</b>		<b>A2</b>	<b>5.00</b>	<b>Avg Life=0.3</b>	<b>664,297</b>	<b>0.25</b>	<b>0.333</b>	<b>0.341</b>
	650	LAKE CNTY ILL CMNTY UNIT SC	A2	5.00	12/1/2016	664,297	0.26	0.333	0.341
<b>MM</b>	<b>46,650</b>		<b>Aa1</b>	<b>0.00</b>	<b>Avg Life=0.1</b>	<b>46,597,044</b>	<b>18.34</b>	<b>0.143</b>	<b>0.143</b>
	3,500	EXXON CORP	Aa1	0.00	8/2/2016	3,498,635	1.38	0.011	0.011
	1,800	MICROSOFT CORP	Aa1	0.00	8/3/2016	1,799,244	0.71	0.014	0.013
	3,000	APPLE INC	Aa1	0.00	8/4/2016	2,999,160	1.18	0.016	0.016
	2,500	WAL-MART STORES INC	Aa1	0.00	8/8/2016	2,499,725	0.98	0.027	0.027
	3,000	CHEVRON CORP NEW	Aa1	0.00	8/10/2016	2,997,990	1.18	0.033	0.033
	1,000	CHEVRON CORP NEW	Aa1	0.00	9/2/2016	998,840	0.39	0.096	0.095
	2,500	APPLE INC	Aa1	0.00	9/7/2016	2,498,900	0.98	0.109	0.109
	1,000	COCA COLA CO	Aa1	0.00	9/14/2016	998,600	0.39	0.128	0.128
	2,500	COCA COLA CO	Aa1	0.00	9/15/2016	2,496,500	0.98	0.131	0.131
	2,500	MICROSOFT CORP	Aa1	0.00	9/22/2016	2,497,575	0.98	0.150	0.150
	2,500	APPLE INC	Aa1	0.00	9/26/2016	2,498,025	0.98	0.161	0.161
	4,000	INTERNATIONAL BUSINESS MACHS	Aa1	0.00	9/26/2016	3,997,080	1.57	0.161	0.161
	2,350	MICROSOFT CORP	Aa1	0.00	9/30/2016	2,347,580	0.92	0.172	0.172
	3,000	MICROSOFT CORP	Aa1	0.00	10/5/2016	2,997,420	1.18	0.186	0.186
	2,500	COCA COLA CO	Aa1	0.00	10/17/2016	2,495,600	0.98	0.210	0.210

Sector	Par (000)	Issuer Name	Quality	Coupon (%)	Maturity	Mkt Value (\$)	% Held (MM)	Avg Life	Eff Dur
	2,000	COCA COLA CO	Aa1	0.00	10/19/2016	1,996,480	0.79	0.224	0.224
	2,000	CHEVRON CORP NEW	Aa1	0.00	10/20/2016	1,996,260	0.79	0.227	0.226
	2,500	CHEVRON CORP NEW	Aa1	0.00	11/16/2016	2,493,925	0.98	0.301	0.300
	1,000	CHEVRON CORP NEW	Aa1	0.00	11/30/2016	996,720	0.39	0.339	0.338
	1,500	COCA COLA CO	Aa1	0.00	1/4/2017	1,492,785	0.59	0.434	0.433
<b>Total:</b>	<b>253,422</b>		<b>Aaa</b>	<b>0.46</b>	<b>Avg Life=0.5</b>	<b>254,004,970</b>	<b>100.00</b>	<b>0.464</b>	<b>0.325</b>

## Disclosure

### Terms

**% Held (MV)** = Percent weight of the security in the portfolio based on market value  
**Average Life** = The weighted average time to receipt of principal payments (including scheduled pay-downs and prepayments)  
**Coupon** = The security coupon rate or the weighted average coupon of the bonds in a portfolio  
**Eff Duration** = Effective Duration - An option-adjusted measure of a bond's (or portfolio's) sensitivity to changes in interest rates  
**Maturity** = The security maturity from the date of the report or the market value weighted average maturity of the bonds in a portfolio  
**Mkt Value (\$)** = Market Value  
**Port Mkt Val (000)** = Portfolio Market Value  
**Quality** = The Moody's security rating or the market value weighted average quality of the bonds in a portfolio  
**YTW** = the lowest potential yield that can be received on a bond without the issuer actually defaulting.

### Sector Abbreviations

**ABS** = Asset Backed Security  
**CMBS** = Commercial Mortgage Backed Security  
**CMO** = Collateralized Mortgage Obligation  
**FIN** = Financial  
**IND** = Industrial  
**MBS** = Mortgage Backed Security  
**MM** = Money Market - includes commercial paper, bankers acceptances, and certificate deposits

## Disclosure

The purpose and nature of this piece is informational and educational. The analysis and views expressed in this proposal reflect personal views about the subject and not related to any specific security recommendations. The information and statistics in this report have been obtained from sources we believe are reliable but we do not warrant their accuracy or completeness. We do not undertake to advise the reader as to changes of our views in the future. This is not a solicitation of an order to buy or sell any securities. Past performance is no guarantee of future results.

Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We do not undertake to advise the reader as to changes of our views in the future. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels.

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**RESPONSE TO RECOMMENDATION  
NUMBER 7**



**Roberts, Ellen**

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**From:** Humphrey, Vera  
**Sent:** Monday, February 29, 2016 9:39 AM  
**To:** ~Official Communication  
**Subject:** Official Communication - Contract Approval Process  
**Attachments:** Contract Approval Form.pdf

Effective immediately, Kim Michael-Lee, CPA, CGMA has been appointed to the position of Interim Vice President, Administration and Treasurer. As such, Kim is authorized to sign all contracts on behalf of the College.

All contracts, along with a completed Contract Approval Cover Sheet and other required documents as noted on page 2 of the Cover Sheet, should be submitted to Purchasing in BIC 1540 via inter-office mail or via e-mail at [purchasing@cod.edu](mailto:purchasing@cod.edu) for review. Purchasing will forward reviewed contracts to Kim for signature as appropriate. This form is also available in the Forms Library on the employee portal in a fillable format.

Please do not submit contracts directly to Kim, as the documents will be redirected to Purchasing for initial review.

Thank you.

Ellen M. Roberts  
Director, Business Affairs  
College of DuPage  
425 Fawell Boulevard / SSC12108  
Glen Ellyn, IL 60137  
(630) 942-2233  
[roberts@cod.edu](mailto:roberts@cod.edu)

**CONTRACT APPROVAL COVER SHEET**

Contract Name: \_\_\_\_\_

Requesting Department: \_\_\_\_\_ Date Initiated: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

Vendor Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Vendor Contact: \_\_\_\_\_ Email: \_\_\_\_\_

Total Contract: \$ \_\_\_\_\_ Contract Dates: Start: \_\_\_\_\_

FY Budget \$ \_\_\_\_\_ End: \_\_\_\_\_

Contract Purpose:

Contract Type:  Independent Contractor  Service Agreement  Lease  
 Construction  Other

Has the College contracted with this vendor in the past or is this a renewal or extension of a previously approved contract?  Yes  No *(If YES, attach a copy of the relevant agreement.)*

Are required support documents attached? (see page 2)  Yes

I certify that I have read and understand the terms of this agreement and have appropriate authority to submit this agreement on behalf of my department. I further certify that the agreement is complete and includes all exhibits, attachments and pages.

Print

Sign

Requester: \_\_\_\_\_

Budget Mgr.: \_\_\_\_\_

Dept. Adm.: \_\_\_\_\_

Purchasing Dept. Use Only

Comments \_\_\_\_\_

Approval Initials \_\_\_\_\_

## CONTRACT APPROVAL COVER SHEET (Instructions)

Per Administrative Procedure 10-60, all contracts entered into on behalf of the College of DuPage must be signed by the Senior Vice President, Administration. This form must be completed in full and submitted with all contracts that require signature.

Submit the contract, along with this form and all required support documents as outlined below, to the Purchasing Manager in BIC 1540. The Purchasing Manager will review all documents, and, if appropriate, will forward to the Senior Vice President, Administration for signature. Contracts submitted without complete documentation will be returned to the requester.

Required support documentation:

- 1. Contract value less than \$5,000: Contract Purpose section should indicate action taken to confirm best price.
- 2. Contract value between \$5,000 and \$14,999: minimum of three (3) verbal quotes must be documented (vendor name and quoted amount) on this form or an attached sheet.
- 3. Contract value between \$15,000 and \$24,999: minimum of three (3) written quotes.
- 4. Contract value of \$25,000 or greater: bid results (bid tabulation or RFP evaluation matrix), Board Report, and confirmation of Board approval (meeting minutes or Cabinet confirmation).
- 5. Contracts submitted as sole source: full justification of sole source and letter from the vendor confirming they are the only source of the product/service.
- 6. If vendor will be providing a service on campus a Certificate of Insurance is required. For additional information contact Risk Manager.

Upon signature, the original contract will be returned to the requester. It is the responsibility of the requester to forward all fully executed contracts/agreements, no matter the dollar amount, to the Purchasing Department by emailing to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu) for inclusion in the College's contract database. If a vendor/contractor signature is still required after signature by SVP, it is the responsibility of the requester to obtain remaining signature(s). Once fully executed, requester will scan a copy of the complete contract and email to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu).

A copy of the signed contract, along with all required support documents, must be attached to the requisition when initiated.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>  <b>CONTRACT APPROVALS</b>		Procedure #
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**PURPOSE:** To ensure effectiveness of contract approval, processing, and retention in an effort to minimize the risk to the College.

**SCOPE:** The scope of this procedure encompasses all contracts entered into on behalf of the College of DuPage. For purposes of this procedure, the term contracts includes all agreements, contracts, memoranda of understanding, purchase orders, service agreements, and any other binding documents. The requester is ultimately responsible for any contract initiated. Contracts must be read completely by the requestor to confirm that it includes what has been agreed to before submitting the contract for review and approval; this includes all exhibits, attachments, and addendums.

**CONDITIONS OF USE:** All contracts entered into on behalf of the College of DuPage must be signed by the Senior Vice President, Administration & Treasurer, unless expressly designated to another individual for signature by the Board of Trustees.

**RELATED PROCEDURES:**

Administrative Procedure 15-465 Independent Contractors

**PROCEDURES:**

General Contracts of purchase value less than \$5,000

General Contracts of purchase value of \$5,000 or greater, but less than \$25,000

General Contracts of purchase value of \$25,000 or greater

Construction Contracts of purchase value less than \$50,000

Construction Contracts of purchase value of \$50,000 or greater

Independent Contractor Agreements of purchase value less than \$5,000

Independent Contractor Agreements of purchase value of \$5,000 or greater, but less than \$25,000

Independent Contractor Agreements of purchase value of \$25,000 or greater

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
<b>CONTRACT APPROVALS</b>		Page #: 2 of 10
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**General Contracts of purchase value less than \$5,000**

- 1) A contract document with a total value less than \$5,000 shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract submitted for review.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed Cover Sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of competitive cost comparisons (if applicable)
      2. IT Review form for equipment/software purchases
      3. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requestor with a letter of explanation describing the additional requirements.
- 3) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original signed contract to the requestor for retention.
- 7) Upon receipt of the contract, the requestor may submit to Accounts Payable for payment per Administrative Procedure 10-65:
  - a. Contracts for Independent Contractors with a value under \$2,500 may be submitted for payment via the Check Request process, with the Independent Contractor Agreement (Under \$5,000) attached.
  - b. Contracts for Independent Contractors with a value over \$2,500 must be submitted for payment via a requisition, with all contract documentation attached.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
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**General Contracts of purchase value of \$5,000 or greater, but less than \$25,000**

- 1) A contract document with a total value greater than \$5,000 shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of three verbal quotes is required for any contract with a value between \$5,000 and \$14,999.
      2. Documentation of three written quotes is required for any contract with a value between \$15,000 and \$24,999.
      3. Cooperative/consortium references (if applicable)
      4. Sole Source justification (if applicable)
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 3) Upon approval, the contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
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**General Contracts of purchase value of \$25,000 or greater**

- 1) A contract document with a total value of \$25,000 or greater shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation in the form of a Board Report and approval (Board meeting minutes) for any items of value over \$25,000.
      2. Cooperative/consortium references.
      3. Sole Source justification.
      4. Exemption from bidding.
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 3) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon receipt of the executed contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.
  - a) If a requisition was previously submitted to initiate the bidding process, a copy of the Contract and all pertinent documents should be submitted to the Purchasing Buyer. The Buyer will attach the documents to the requisition, and update the requisition to reflect final terms.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
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**Construction Contracts of purchase value less than \$50,000**

- 1) A contract document with a total value greater than \$5,000 shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of three verbal quotes is required for any contract with a value between \$15,000 and \$24,999.
      2. Documentation of three written quotes is required for any contract with a value between \$25,000 and \$49,999.
      3. Cooperative/consortium references (if applicable)
      4. Sole Source justification (if applicable)
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 8) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 9) Upon approval, the contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 10) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 11) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 12) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 13) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.



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**Construction Contracts of purchase value of \$50,000 or greater**

- 1) A contract document with a total value of \$25,000 or greater shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation in the form of a Board Report and approval (Board meeting minutes) for any items of value over \$50,000.
      2. Cooperative/consortium references (if applicable)
      3. Sole Source justification (if applicable)
      4. Exemption from bidding (if applicable)
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 3) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon receipt of the executed contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.
  - a. If a requisition was previously submitted to initiate the bidding process, a copy of the Contract and all pertinent documents should be submitted to the Purchasing Buyer. The Buyer will attach the documents to the requisition, and update the requisition to reflect final terms.

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**Independent Contractor Agreements of purchase value less than \$5,000**

- 1) Review Administrative Procedure 15-465 Independent Contractors for information regarding determination of Independent Contractor classification. Seek assistance from HR/Compensation as appropriate.
- 2) Prepare an Independent Contractor Agreement (Under \$5,000), which is available from Accounts Payable.
- 3) The completed Independent Contractor Agreement shall be submitted by the requestor for the user department to the Senior Vice President, Administration & Treasurer for signature. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a. The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of competitive cost comparisons.
      2. Sole Source justification.
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon completion of the contractual services, the requestor may submit to Accounts Payable for payment per Administrative Procedure 10-65:
  - a. Contracts for Independent Contractors with a value under \$2,500 should be submitted for payment via Check Request with an Independent Contractor Agreement (Under \$5,000).
  - b. Contracts for Independent Contractors with a value over \$2,500 must be submitted via a requisition, with all contractual documentation attached.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
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<p><b>Independent Contractor Agreements of purchase value of \$5,000 or greater, but less than \$25,000</b></p> <ol style="list-style-type: none"> <li>1) Review Administrative Procedure 15-465 Independent Contractors for information regarding determination of Independent Contractor classification. Seek assistance from HR/Compensation as appropriate.</li> <li>2) Prepare an Independent Contractor Agreement (Over \$5,000) using the template available in the Forms Library on the Employee Portal. Obtain the signature of the selected independent contractor.</li> <li>3) The requestor for the user department shall submit the Independent Contractor Agreement (Over \$5,000) to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany the Agreement. <ol style="list-style-type: none"> <li>a) The contract document will be returned to the requestor if: <ol style="list-style-type: none"> <li>i. The contract is submitted without a completed cover sheet, including all required signatures.</li> <li>ii. The contract is submitted without appropriate documentation, including: <ol style="list-style-type: none"> <li>1. Documentation of three verbal quotes is required for any contract with a value between \$5,000 and \$14,999.</li> <li>2. Documentation of three written quotes is required for any contract with a value between \$15,000 and \$24,999</li> <li>3. Cooperative/consortium references (if applicable)</li> <li>4. Sole Source justification (if applicable)</li> </ol> </li> <li>iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.</li> </ol> </li> </ol> </li> <li>4) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration &amp; Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.</li> <li>5) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration &amp; Treasurer for approval and signature execution.</li> <li>6) The Senior Vice President, Administration &amp; Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.</li> <li>7) The office of the Senior Vice President, Administration &amp; Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to <a href="mailto:purchasingforms@cod.edu">purchasingforms@cod.edu</a>. Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.</li> <li>8) The office of the Senior Vice President, Administration &amp; Treasurer will send the original of the signed contract to the requestor for retention.</li> <li>9) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.</li> </ol>		

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**Independent Contractor Agreements of purchase value of \$25,000 and greater**

- 1) Review Administrative Procedure 15-465 Independent Contractors for information regarding determination of Independent Contractor classification. Seek assistance from HR/Compensation as appropriate.
- 2) Prepare an Independent Contractor Agreement (Over \$5,000) using the template available in the Forms Library on the Employee Portal. Obtain the signature of the selected independent contractor.
- 3) The requestor for the user department shall submit the Independent Contractor Agreement (Over \$5,000) to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany the Agreement.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation in the form of a Board Report and approval (Board meeting minutes) is required for any items of value over \$25,000.
      2. Bid exemption (if applicable)
      3. Cooperative/consortium references (if applicable)
      4. Sole Source justification (if applicable)
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 4) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 5) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 6) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 7) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.

**COLLEGE OF DUPAGE PURCHASING DEPARTMENT  
OPERATING PROCEDURE**

**CONTRACT APPROVALS**

Procedure #

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- 9) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.
- a) If a requisition was previously submitted to initiate the bidding process, a copy of the Contract and all pertinent documents should be submitted to the Purchasing Buyer. The Buyer will attach the documents to the requisition, and update the requisition to reflect final terms.

**END OF DOCUMENT**

**RESPONSE TO RECOMMENDATION  
NUMBER 8**

## Purchasing

### 1. Centralized Purchasing Function

In order for centralized purchasing to be effective, there must be meaningful cooperation between all departments and the Purchasing Department. Purchasing Department decisions will be made on the basis of serving the overall needs of the College as a whole. All purchases exceeding \$100 ~~\$500~~ in total value shall have an authorized purchase order issued by Purchasing. Purchases of unnecessary items should be avoided. The payment for any unauthorized purchases will be the sole responsibility of that person placing the order.

### 2. Purchasing and Contracting

#### A. Competitive Bidding

College of DuPage will operate in accordance with the Illinois Public Community College Act, paragraph 3-27.1, Contracts.

#### B. Bid Deposit

A bid deposit for 15% (fifteen percent) of the base bid amount is normally required for all bids with an estimated value exceeding four (4) times the bid limit. Bid deposits will be in the form of a cashier's check, certified check or bid bond. All bid deposits must accompany the respective bid and will be held by the College until award of the bid is made. Bid deposits may be waived at the discretion of the Purchasing Department when such a requirement is detrimental to competitive conditions or other reasons contributing to the best interests of the College.

#### C. Request for Quotations

- 1) \$1 to \$4,999 - Quotes will be solicited at the discretion of the Purchasing Department.
- 2) \$5,000 to \$14,999 - A minimum of three verbal quotes will be solicited or reviewed by the Purchasing Department before processing a requisition.
- 3) \$15,000 to \$24,999 - A minimum of three written quotes will be solicited or reviewed by the Purchasing Department before processing a requisition.
- 4) \$25,000 and over -Subject to formal bid procedures.

Bids will be reviewed by the Purchasing Department to verify the award of low bid. (moved from Section 6) Committee evaluation results for proposals will be provided to the Purchasing Department for verification and retention.

#### D. Procurement Cards

The Purchasing Department may issue procurement cards to employees authorized by the Administration in accordance with Purchasing Department and Finance Office procedures. (moved from Section 3)

#### E. Governmental Consortium/Cooperative Agreements

The Board of Trustees delegates authority to the Purchasing Department to purchase from governmental contracts or cooperative/consortium agreements that fully meet the requirements of Illinois law, in lieu of competitive bidding. A monthly report of all such purchases of \$25,000 or greater shall be submitted for information approval to the Board of Trustees prior to release of the purchase order.

F. Contract Authorization

All contracts entered into on behalf of the College must be signed by the Vice President, Administrative Affairs & Treasurer. of Administrative Affairs. Contracts and vendor Certificates of Insurance are required for, but not limited to, all services to be performed on college property.

G. Professional Service Contracts

Contracts for services of individuals possessing a high degree of professional skill, where the ability or fitness of the individual plays an important part, shall be selected through a competitive proposal process unless the service is a sole source purchase that is appropriately documented. Professional Service Contracts exceeding the established bid limit shall require approval by the Board of Trustees. Selection of a professional service provider shall be based on a variety of criteria including, but not limited to, demonstrated competence, knowledge, references and unique qualifications to perform the services, in addition to offering a fair and reasonable price that is consistent with current market conditions.

H. Construction Contracts

Contracts for building repair, maintenance, remodeling, renovation, or construction and professional services related thereto shall also be in accordance with Board Policy 10-90, Construction Contracts.

3. Purchase Requisitions

A. The Purchasing Department will not institute any action until it has received a valid requisition.

B. ~~Requisitions must~~ will be prepared ~~on pre-numbered forms stocked in the Purchasing Department and available to all departments.~~ submitted electronically via the designated Purchasing system Separate requisitions will be used for each vendor with attached listing, if necessary. The Purchasing Department may authorize departments to issue electronic requisitions in accordance with Purchasing Department and Finance Office procedures. Each requisition must include pertinent information/explanation in the internal notes field; quotes, contracts, and other supporting documentation will be attached as applicable.

C. ~~After receiving proper approvals, the last copy will be retained by the initiating department and the three remaining copies will be forwarded to the Purchasing Department. Requisitions submitted for goods and services after 1) receipt of the good, or 2) the service has been completed, are not in compliance with standard procedures; a written explanation of the reason for the after-the-fact purchase and the Vice President's approval are required.~~

D. ~~After the Purchasing Department has issued a purchase order number, a copy of the requisition will be returned to the authorized signator and to the originator with the following additions:~~

- 1) ~~Purchase order number~~
- 2) ~~Date ordered~~
- 3) ~~Any change in specification~~
- 4) ~~Correct cost~~
- 5) ~~Vendor~~
- 6) ~~Estimated delivery date, if known~~

Expenditures exceeding the bid threshold, including planned aggregate spend in excess of the bid threshold, must be approved by the Board of Trustees prior to purchase. Planned aggregate spend is considered the planned purchase of related items from the same vendor by a single department within a fiscal year.

E. Requisitions for bid items must be in received by the Purchasing Department with full specifications and rationale by the posted deadlines at least eight (8) weeks prior to anticipated Board review to allow time for bid process and Board review preparation. ~~prior to the upcoming Board Meeting, in order to be placed on the agenda for said Board Meeting. Cut-off dates will be posted in the Green Sheet.~~



- F. Requisitions for goods and/or services purchased with Grant funds must be approved by the g Grants Accountant and will be processed in the same manner as a regular requisition, unless superseded by specific Grant provisions. Purchases funded by federal grant funds must adhere to regulations as stipulated in Uniform Guidance 2 CFR, Part 215.
- G. Requisitions for goods and/or services purchased through barter must be authorized by the Purchasing Department and supported by written rationale prepared by the initiating department. All barter purchases will be competitively evaluated to equivalent cash value.
- H. All requisitions for goods and/or services which must be secured under formal contractual basis must be approved by the divisional Vice President. The Purchasing Department will have the authority to consolidate requests for similar goods and/or services for procurement on a competitive basis.
- I. Special approvals will be required for computer equipment, ergonomic furniture/equipment, telephone equipment, audiovisual equipment, copier print/copy equipment, publications and furniture. Completed approval/review forms must accompany the requisition upon submission.
- J. The issuing of multiple requisitions to circumvent the competitive bidding process will not be allowed. This practice is known as "chaining" or "stringing", and is a violation of purchasing policy.
- L. ~~The Purchasing Department may authorize departments to issue departmental purchase orders at a limit in accordance with Purchasing Department and Finance Office procedures.~~

#### 4. Cost Justification Analysis

Prior to the bidding process, the requisitioner will provide the Purchasing Department with a rationale ~~outlining the reasons~~ for the expenditure, which will include the following:

- A. Intended use of goods or services
- B. ~~General description of~~ Specifications/scope of work for goods or services
- C. ~~User(s)-~~ Evaluation criteria (applicable to RFP and RFQ)
- D. Useful life—List of Department Reviewers or Evaluation Committee Members
- E. List of vendors to receive direct solicitation  
~~—Summary of other compatible, or similar, equipment~~
- F. Supplemental requirements, including installation cost, maintenance, trade-in or disposal services, if applicable
- G. Where appropriate, an analysis should be conducted of lease and purchase alternatives to determine which would be the most economical and practical procurement.
- H. Maintenance cost, if applicable
- I. Trade-in or disposal equipment available

#### 5. Solicitation Requirements

Solicitations for goods and services must provide for the following:

- A. A clear and accurate description of all requirements, including technical, for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
- B. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
- C. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- D. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.
- E. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

6. Modification of Orders

Requests for modifications of purchase orders (before shipping) will be directed to the Purchasing Department by an authorized individual. Any changes in purchase orders must be authorized by the Purchasing Department. Reasons for the request will be submitted in writing, with reference to the purchase order number and vendor. Purchasing staff will provide the requester with instruction regarding the appropriate method of accommodating the modification. Bids will be reviewed by the Purchasing Department to verify the award of low bid. Modifications involving bid items in excess of 10% of the approved amount will be approved by the Board of Trustees.

7. Invoice Processing

The Finance Office may issue checks for invoices on bid items which were approved by the Board of Trustees after the goods and/or services are received and determined to be satisfactory. Checks for items not previously approved by the Board of Trustees shall require individual approval by the Board for amounts of \$25,000 and over. Payments greater than \$15,000, but less than \$25,000, (excluding legal services) and which have no prior Board approval must be approved by the Board of Trustees before payment can be released. Request for Board approval to release payments will take place during the monthly Board meeting. Any check payment greater than \$25,000 (excluding legal services) which was previously approved by the Board of Trustees requires the approval by the Board Chair prior to release of payment.

Invoices less than the bid threshold that are greater than the Purchase Order amount by no more than 10% will be paid when the following apply: 1) the amount over the Purchase Order value is for shipping only, and 2) the additional amount does not place the total value of the Purchase Order over the approved threshold category as noted in Section 2.C. Request for Quotations in this Procedure. No invoices will be paid that are greater than the authorized value of a Blanket Purchase Order.

8. Emergency Expenditures

Requests for emergency expenditures which have a total cost of less than \$100 \$50 may be processed through the Cashier as a petty cash item within thirty (30) days of their occurrence. Forms are available from the Cashier and must be accompanied by an original receipt and be approved by an authorized signator. Charges will be allocated to the appropriate College budget. Emergency expenditures with a total cost of less than \$500 may be processed through Accounts Payable via the Pay a Vendor process. Emergency expenditures between \$500 and the established bid limit may be submitted as an after-the-fact purchase; an explanation of the emergency and the appropriate division Vice President's authorization will be required.

Requests for emergency expenditures exceeding the bid limit shall be authorized by the President, with approval by three-fourths (3/4) of the members of the Board, in accordance with Board Policy. In such cases, the President will contact the Board of Trustees Chairperson, who will then obtain authorization by three-fourths of the members of the Board. If an emergency arises pertinent to a construction project, the President may also seek approval by three-fourths of the Board to waive the payment and performance bond requirement for projects less than the threshold established by the Public Construction Bond Act. The Administration shall set forth, with specificity, the nature of the emergency which shall be certified by a person with direct knowledge of the emergency. Details of the nature of the emergency and the certification shall be submitted for ratification by the Board of Trustees at the next Regular Board Meeting.

9. Requests for Samples

Any samples submitted will be at no cost to the College and will become the property of the College upon receipt. Samples will be returned at the discretion of the College, but only upon specific request of the bidder within fourteen (14) calendar days after submission of the bid. The College reserves the right to subject such samples to tests and inspections which, in its judgment, are deemed necessary. The College does not guarantee that samples returned to the bidder will be in the same condition as when submitted. Employees will not accept samples or gratuities for personal or non-College use.

10. Purchase of Products with Recycled Content Environmental Impact

A. The College will show preference, to the extent practicable and economically feasible, for products and services that conserve natural resources, protect the environment, and are energy efficient.

B. The College will show preference for the purchase of products with recycled content whenever specifications, standards and availability are equivalent to products which do not contain recycled content, and without incurring unreasonable additional costs.

11. Electronic Bid Submissions

Electronic submission of bids may be utilized for competitive bid requests, at the discretion of the Purchasing Department, in accordance with state law.

Adopted: 10/1/09

Reviewed:

Amended: 3/01/10  
Amended: 8/1/16

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
<b>COMPETITIVE BID PROCESS: NON-CONSTRUCTION</b>		Page #: 1 of 4
Effective Date: 2/19/2015	Revision Date:	Revision Date:

**PURPOSE:** The Competitive Bid Process invites suppliers to submit competitive bids for project work or products. This process encourages competition and provides prospects with fair and honest dealings with suppliers.

**SCOPE:** Any contract for the purchase of supplies, materials, or work involving expenditure in excess of \$25,000 is to be awarded to the lowest responsive and responsible bidder meeting requirements, considering conformity with specifications, terms of delivery, quality, and serviceability. The College bid threshold is \$25,000 for general purchases and \$50,000 for construction-related purchases, as indicated in Administrative Procedures 10-60 and 10-90, respectively. This threshold is applicable to a single point of purchase (i.e. same vendor, related items/project; related items via a Blanket Order), not a college-wide aggregate of unrelated purchases (i.e. college-wide aggregate by vendor or GL account number). Where contracts are concerned, the threshold is based upon the total contract amount, including any extensions, change orders, amendments, renegotiations, renewals, etc. All executed contracts will be centrally located in the Purchasing Department unless a designated alternate location is approved by the Senior Vice President, Administration and Treasurer. College of DuPage will operate in accordance with the Illinois Public Community College Act, paragraph 3-27.1 Contracts. Bids will be reviewed by the Purchasing Department to verify the award of low bid meeting requirements and specifications.

**PROCEDURES:**

**1) Identify/Evaluate/Clarify**

- a) The Purchasing Department will not institute any action until it has received a valid requisition. Requisitions will be received and reviewed by Buyer.
  - a. If IT-related equipment or services are being requested, a completed IT Review Form must be provided by the requester prior to additional action being taken.
  - b. If furniture is being requested, a completed Facilities Furniture Review Form must be provided by the requester prior to additional action being taken.
  - c. If catering services are being requested, a completed Food Waiver Form must be provided by the requester prior to additional action being taken.
  - d. If requester is indicating sole source vendor, full justification is required.
- b) If total value is \$25,000 or greater, Buyer will begin Bid Process
- c) Buyer to work with end user to develop detailed Specifications to fit the College needs.
  - a. Specs should not be brand-specific. If only one brand/model is acceptable, *and* only one supplier exists, Buyer to request Sole Source justification from end user. If justification is accepted by the Purchasing Manager, a Board Report will be written and competitive bidding does not need to take place.
- d) Buyer to work with end user to determine milestone dates (Pre-bid, start date, due dates). Pre-bids should be scheduled, when needed, at least 5 days prior to Bid opening date to allow time for Bidders to complete bid response.
- e) Buyer to work with end user to determine if there is a need for a bid/performance bond is needed (See Administrative Procedure 10-60 2. B. Bid Deposit)

**2) Prepare Documents for Bid**

- a) Buyer creates a folder on U Drive/Purchasing/Fiscal year folder (i.e. FY2015)/ and names folder Bid Number and Title (i.e. "2015-B0099 Office Supplies")
- b) Buyer to draft Bid Packet
  - a. Buyer to receive Bid Number from Purchasing Assistant

**COLLEGE OF DUPAGE PURCHASING DEPARTMENT  
OPERATING PROCEDURE**

Procedure #

**COMPETITIVE BID PROCESS: NON-CONSTRUCTION**

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- b. Once Project Manager/end user approves final specifications, Buyer will add to Bid Template found in the project folder on U:Drive/*Purchasing/ Templates* folder , and update all other pertinent information in template (milestone dates, contact information, meeting locations, contact information to include Buyer and Purchasing Assistant, etc.).
- c. Bid Packet labeled as draft, saved as PDF file, and sent to Project Manager/end user for approval.
  - i. Save approval email and all other pertinent emails on U drive in the project folder in subfolder named "Bid Communications"
  - ii. Remove Draft watermark and save file on U: Drive in Bid folder named by bid number, title and the word FINAL (i.e. 2015B0099 Office Supplies FINAL). Save a copy as a Word document and as a PDF file.
- c) At least 2 business days prior to bid start date, Buyer to create Legal Notice and send to Daily Herald with requested Posting date. Advertisement should be posted at least 10 business days prior to Bid Opening date. Buyer to save confirmation on U: Drive in Bid Communications folder.
- d) At least 2 business days prior to bid start date, the Purchasing Assistant will post the project title, contact information, and due date on the COD Purchasing website. This should remain posted until Bid opening occurs, then status line will be revised to show bid as closed pending award.
- e) Buyer to send vendor list template from the *U drive: Purchasing: Templates* folder to end user to fill out. Buyer can obtain additional vendors to add to list from internet searches and/or previous related bids, as requested by end user or deemed necessary by Buyer. Once list is completed, Buyer to get approval from end user.
  - a. Save approval in Bid Communications folder.
  - b. Save completed Vendor List in Bid folder titles "Approved Vendor List".
  - f) Buyer to send completed Vendor list and final Bid packet to Purchasing Assistant.
  - g) Buyer to schedule milestone dates (Pre-bid if applicable, Bid Opening, etc.) on calendar in Outlook Conference Room. Invite the Project Manager/End User.

**3) Distribution of Documents**

- a) Purchasing Assistant to distribute bid documents
  - a. Email Invitation to Bid to all vendors on Vendor List provided.
  - b. Bid documents will be sent to vendors who request documents
  - c. New vendors who request documents will be added to Vendor List
    - i. If bid brokers request bid documents on behalf of vendors, our obligation is only to provide the bid broker will additional documents such as addenda.
  - d. Purchasing Assistant will note responses/transmittal error messages on Vendor List
  - e. Purchasing Assistant will attempt other means of contacting vendors when initial attempt fails. If necessary, Purchasing Assistant will contact Project Manager/end user to assist in obtaining corrected vendor information to ensure all vendors are contacted

**4) Questions/Clarification**

- a) Pre-bid (if Applicable)
  - a. Buyer, Project Manager/end user will attend Pre-bid, if applicable.
  - b. PM/End user will lead meeting.
  - c. Buyer records questions and ensures all vendors sign in (Sign-in sheet template available on *U drive: Purchasing: Templates* folder)

**COLLEGE OF DUPAGE PURCHASING DEPARTMENT  
OPERATING PROCEDURE**

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**COMPETITIVE BID PROCESS: NON-CONSTRUCTION**

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b) Other questions

- a. Due date for questions is listed in Bid packet, and is generally 5 business days after legal advertisement initially runs. Once due date has passed, all vendors should be provided with Addendum answering all questions.
  - i. Buyer will compile questions from vendors (from emails/phone calls/ pre-bid, etc.), and work with PM/end user to answer all questions in the form of an Addendum.
  - ii. Buyer will get approval from PM/end user on final draft of Addendum, save Addendum in project folder, and send a copy of final Addendum to Purchasing Assistant to distribute to vendors.

5) Bid Opening

- a) All Bids are due into the Bid Box in Purchasing by the time/date listed in the bid packet.
- b) All bids must be sealed
- c) Bids that are not deposited into the bid box by the time listed on the bid packet will be returned to the vendor, unopened.
- d) Buyer will open bid box at the time listed on the bid packet.
- e) Buyer and at least one other member of the purchasing team will attend the Bid opening.
- f) Buyer will open sealed bids and read them aloud.
- g) Second member of purchasing team will record bids on the Bid Tabulation form. (located *U drive: Purchasing: Templates* folder).
- h) After Bid Opening, Buyer will review all bids to ensure conformance to requirements in bid packet.
- i) Buyer will scan all responses and bid tabulation and save to project folder.
- j) Buyer will email documents to end user. If end user did not attend bid opening, Buyer will provide an email summary of Bid results as well as send all scanned documents for end user to review.

6) Acceptance

- a) Project Manager/End user complete final review that low bidder met all requirements and specifications.
  - a. Buyer to send any questions to vendors if PM/end user needs clarification of any part of bids.
  - b. Buyer to save approval email from PM/end user in Bid Communications folder.
- b) Buyer will confirm good standing of accepted vendor via the following websites, and will place screen shot of the Cyberdrive information in the project folder:
  - a. Illinois Secretary of State:  
[http://www.cyberdriveillinois.com/departments/business\\_services/corp.html](http://www.cyberdriveillinois.com/departments/business_services/corp.html)
  - b. Illinois State Debarred Companies List:  
[http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred\\_Companies.aspx](http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred_Companies.aspx)
  - c. Eligibility to bid on Illinois State contracts:  
<https://data.illinois.gov/dataset/IDHR-Eligible-Public-Contract-Numbers/Gvms-ush9>
- c) PM/End user to complete a Vendor Intake form, obtain a W-9 and send it to Purchasing (for new vendors only).

**COLLEGE OF DUPAGE PURCHASING DEPARTMENT  
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**COMPETITIVE BID PROCESS: NON-CONSTRUCTION**

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- d) Buyer to create a draft Board report (template located in *U drive: Purchasing: Templates* folder)
    - a. Full business name as noted on the Signature Page of response documents, including DBA where applicable, should be used in the Board Report.
    - b. Watermark as "draft" and save as a PDF to send to end user to PM/end user for review and approval.
    - c. Save approval email in Bid Communications folder.
    - d. Buyer to send Word document copy of approved Board Report to Purchasing Assistant for finalization.
    - e. Purchasing Assistant will add topic to next month's agenda, assign the agenda item number to the board report. Spelling, grammar, punctuation, order of topics, and formatting will also be checked/adjusted by Purchasing Assistant.
    - f. The board report will be sent to Purchasing Manager and Director for final questions.
    - g. Upon approval, Purchasing Assistant will send the report back to end-user for signature routing. Signatures required are department VP, Purchasing Director, Sr VP of Administrative Affairs and President.
  - d) Board Report will be submitted for inclusion in next available BOT meeting agenda.
  - e) Once approved at BOT meeting, Buyer will get final approval from PM/end user to send order.
  - f) Buyer will approve requisition for the awarded amount, changing vendor name to awarded bidder, and make note of the Bid number in the PO internal notes section.
  - g) Buyer will send PO to vendor, and copy PM/end user.
- 7) Closing of Bid File
- a) Purchasing Assistant will move the bid information to the Awarded Bids section of the webpage with the RFP and Board Report attached.
  - b) Buyer will obtain signed copy of contract for submission to Purchasing Contract Database (ImageNow) from end-user if applicable.
  - c) Buyer will follow up with end-user or vendor to make sure the Certificate of Insurance (COI) was received before onsite work is performed. Buyer will ensure all COIs should be scanned into ImageNow.

**OTHER APPLICABLE DOCUMENTS:**

BOT Policy 10-60 – Purchasing  
Administrative Procedure 10-60 – Purchasing  
Purchasing Operating Procedure – Bid Deposits  
Purchasing Operating Procedure – Blanket POs

End of Document

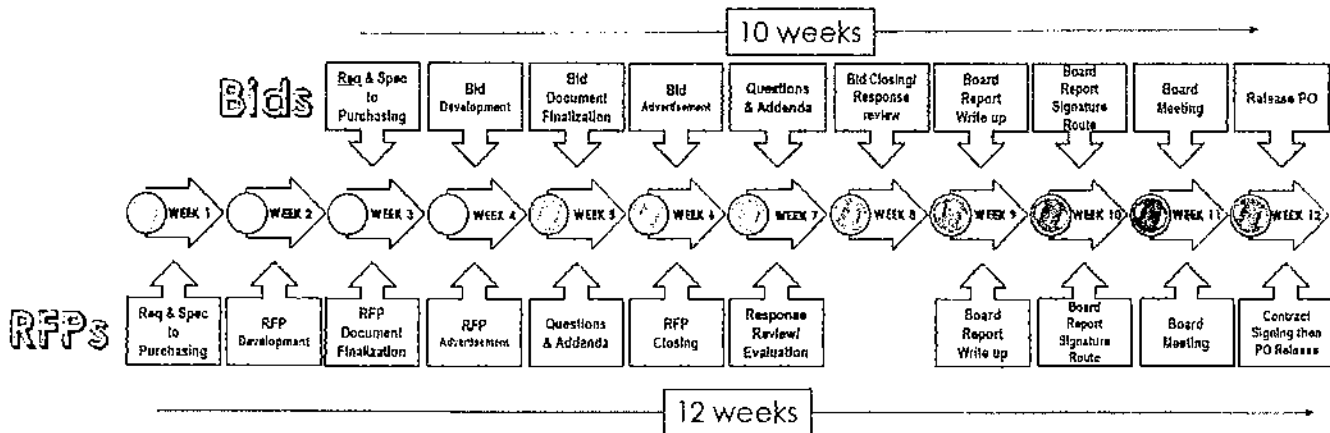
## BID/RFP Process – End User Guide

**Bid** – A formal competitive bid process is used for the procurement of goods or services with an anticipated cost in excess of \$25,000.00. Vendors must submit their sealed bids to the Purchasing Department on or before a deadline, at which time all bids are publicly opened by the Purchasing Department and the Vendor's pricing content is read out loud. The Vendor with the lowest responsible bid (lowest cost proposal meeting all bid specifications) is awarded the contract upon Board approval.

**RFP (Request for Proposal)** – An RFP process is mostly used for the procurement of services or goods that should be evaluated on additional qualities as well as the price. The RFP defines project objectives and scope of services, but does not detail every aspect of implementing the project. The RFP provides for negotiations after proposals are opened and a Respondent is selected. Respondents must submit their proposals to the Purchasing Department on or before a deadline, at which time the Proposal of all participating Respondents are publicly opened by the Purchasing Department and the names announced. End user will form an Evaluation Committee and conduct a detailed evaluation of all proposals based on criteria stated in the RFP. The award will be made to the highest rated and ranked Respondent and upon Board approval.

**RFQ (Request for Qualification)** - Similar to the RFP process except pricing is not a component in the RFQ. The RFQ is used to solicit qualifications to implement a new service. The RFQ outlines project objectives and scope of services, and qualifications of the services. The RFQ defines a pool of candidates. Price is negotiated after vendor selection.

## Timeline of Events



### Order of Events:

1. Department determines their need and writes the specifications; Purchasing can assist with writing the specifications.
2. A requisition must be entered in Mercury Commerce. Please choose vendor number 1297164 - PURCHASING FOR BID OR RFP when entering your requisition. Attach your specifications.
3. Purchasing receives the approved requisition, evaluates the specifications and begins working on drafting the packet of the Bid/RFP packet.
  - a. If questions regarding the specification arise, the Purchasing department will reach out to the requisitioner regarding the purchase. This step involves constant communication between the departments, and may take several weeks.
  - b. For an RFP/RFQ, end user forms an evaluation committee and an evaluation criteria.



Example:

Evaluation Criteria	Percent of Weighting
Total Cost	20
Capability to Meet or Exceed Requirements	20
References	10
Number of Interpreters in the area	20
Firm Resources/Staff Team	10
Online scheduling system capability	20
<b>TOTAL</b>	<b>100%</b>

4. Upon final packet approval by both departments, Purchasing advertises the Bid/RFP/RFQ in the local newspaper and posts it on the Purchasing website:  
<http://cod.edu/about/purchasing/requests/index.aspx>  
 The advertising process requires a minimum of 10 business days.
5. During the advertised period:
  - a. Pre-bid meeting is scheduled (if applicable)
  - b. Vendor questions are accepted
  - c. Addenda are sent out to vendors by the Purchasing department (if applicable)
  - d. Blackout Period: After the College has advertised for bids, no vendor shall contact any College officer(s) or employee(s) involved in the solicitation process, except for interpretation of bid specifications, clarification of bid submission requirements or any information pertaining to pre-bid conferences as instructed in the bid documents. No vendor shall visit any College officers or employees until after the bids are awarded, except in those instances when site inspection is a prerequisite for the submission of a bid.
6. Bid/RFP/RFQ Opening
  - a. Bids - Bids are publicly opened, pricing is read out loud, and bids are checked for completeness of required forms.
  - b. RFP/RFQ - Proposals are publically opened, Respondent names announced, and proposal are checked for completeness of required forms. No pricing is shared with the public.
7. Evaluation
  - a. Bid documents are checked for completeness and the lowest responsible bidder is considered for the award.
  - b. Proposals are evaluated by a previously assigned committee. Proposals are then scored by the committee and the vendor with the highest score is proposed for the award.
8. Board Report
  - a. Requester: It is the requester's responsibility to write the Board Report. The Requester will be provided with a Board Report example, along with appropriate language summarizing the bid/RFP/RFQ results, by Purchasing following the public opening. Please note below that Financial Affairs will add the Budget Status table. Requester will submit Board Report draft in Word format, along with a Routing Form in .pdf format, to their department (budget) manager.

- b. Department (Budget) Manager: Reviews Board Report draft, edits (in black) document as appropriate, and submits to the Purchasing department at [Purchasing@cod.edu](mailto:Purchasing@cod.edu).
  - c. Purchasing: The Buyer will (in red):
    - i. Review/edit the bid/RFP/RFQ information
    - ii. Insert/review appropriate exemption-from-bidding language as appropriate
    - iii. Insert/review cooperative contract information as appropriate
    - iv. Ensure the bid tabulation (bid) or evaluation matrix (RFP/RFQ) has been included.

The Buyer will forward to the Director, Business Affairs.
  - d. Director, Business Affairs: Reviews and edits (in red) all language, and submits to the College Budget Manager/Financial Affairs.
  - e. College Budget Manager/Financial Affairs: Adds the Budget Status table (in black), and sends the edited document to the Requester.
  - f. Requester: Requester will make final changes and submit clean copy to Vice President for review and submission.
  - g. Vice President: Reviews final draft, works with Requester to make final revisions, and submits to President's Office for inclusion in the appropriate Board meeting packet. Board Reports will only be accepted in the President's office directly from the appropriate Vice President. Please include this form with the Board Report submission to the President's office. The Vice President is responsible for the final Board Report content and format.
9. Board approves the purchase at a Board Meeting
- a. If an item is not approved, bids/RFPs may need to be rejected and/or modified and re-advertised.
10. (For services or goods requiring installation only) End user initiates a contract with the chosen vendor and collects the vendor's COI (certificate of insurance).
- a. A contract along with the contract approval sheet (found on the portal) is submitted for signatures. Submit all paperwork to Purchasing in the Berg Instructional Center (BIC), Room 1540 or via email at [purchasing@cod.edu](mailto:purchasing@cod.edu). Purchasing will review all documents, and, if appropriate, will forward to the Vice President, Administration for signature.
  - b. Vice President, Administration will sign the contract and the original will be returned to the end-user.
  - c. End user forwards an electronic copy of the fully executed contract to Purchasing at [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu).
11. Once the Board approves the purchase and contract is signed, Purchasing releases the PO to the vendor.
- a. If a purchase does not require a contract, Purchasing will release the PO after the Board approval.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  "AFTER THE FACT" REQUISITIONS</b>		Procedure #
		Page #:
Effective Date: 9.17.14	Revision Date:	Revision Date:

**PURPOSE:** To efficiently process requisitions that are submitted after the service/goods have already been received.

**SCOPE:** This procedure outlines the best practice to follow when a purchase over \$500 has been made prior to a requisition being submitted. Purchases under \$500 may be submitted for payment via a Check Request if qualified under the Vendor Payment – Check Request Administrative Procedure No. 10-65. Purchases that do not fall under the Check Request procedure will require that a Purchase Order be issued before any purchasing activity is completed, as noted in Administrative Procedure No. 10-60. Therefore, if a requisition is submitted for a purchase that has already been made, the transaction is considered non-compliant with standard policies and/or procedures.

**PROCEDURES:** After-the-fact (non-compliant) requisitions require 1) an explanation as to why the requisition is being submitted after the purchase has been made, and 2) the appropriate Vice President's approval of the after-the-fact submission. Based on specific circumstances, Vice President approval should be documented in one of the following ways:

- 1) The best practice to follow is for the requisitioner to include an explanation as to why the purchase was made prior to a PO being issued in the Internal Notes of the requisition upon initial submission. In that way, if the purchase total is \$1,000 or great, or the Vice President is the Immediate manager, the VP is automatically included in the approval workflow. If the Internal Notes contain the explanation when the VP approves the requisition, it is assumed that the VP read and approved the explanation and both requirements have been met.
- 2) If the total amount of the requisition is such that the VP is not included in the requisition workflow, a written explanation should be submitted to the VP and their written authorization obtained. This explanation, with the VP authorization, should then be attached to the requisition upon initial submission, along with the explanation of the after-the-fact purchase in the Internal Notes.
- 3) If the requisitioner submits an invoice with the Vice President's signature, the VP must also note their acknowledgement of the after-the-fact explanation. In addition, the explanation of the after-the-fact circumstances must be noted in the internal Notes of the requisition. An invoice marked "OK to pay" with the VP signature will not be accepted as after-the-fact acknowledgement.

End of Document

**PURCHASING DEPARTMENT OPERATING PROCEDURE**

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**RESPONSE TO RECOMMENDATION  
NUMBER 9**

B. Payroll

College of DuPage  
 Community College District No. 502  
 ACCOUNTS PAYABLE  
 CASH DISBURSEMENTS GREATER THAN \$15,000  
 July 31, 2016

Payroll - JULY 2016

	Gross		Net	
Direct Deposits	\$	8,611,871	\$	5,788,064
Checks		296,894		204,453
<b>Total Payroll</b>	<b>\$</b>	<b>8,908,765</b>	<b>\$</b>	<b>5,992,517</b>
% Electronic				96.6%

Payroll Related Disbursements: Withholdings and Taxes  
 Grand Total Payroll Disbursements

Payroll Disbursements - June 2016

<u>CHECK NUMBER</u>	<u>CHECK DATE</u>	<u>PAYEE NAME</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
IM*A486	7/7/2016	IDES-Magnetic Media Unit	Withholding Tax - State 7/7/16 PR	\$142,317.09
IM*A487	7/7/2016	Department of Treasury	Federal Tax Withholding 7/7/16 PR	\$632,317.78
IM*A490	7/21/2016	Department of Treasury	Federal Tax Withholding 7/21/16 PR	\$605,555.28
IM*A491	7/21/2016	IDES-Magnetic Media Unit	Withholding Tax - State 7/21/16 PR	\$137,600.22
IM*E0055515	7/6/2016	DuPage Credit Union	Payroll Deduction 7/7/16	\$35,178.48
IM*E0055516	7/6/2016	Navia Benefit Solutions	Payroll Deduction 7/7/16	\$15,499.70
IM*E0055517	7/6/2016	SURS-State University Retirement System	Payroll Deduction 7/7/16	\$369,103.22
IM*E0055518	7/6/2016	Valic Retirement Services	Payroll Deduction 7/7/16	\$126,507.40
IM*E0055839	7/20/2016	DuPage Credit Union	Payroll Deduction 7/21/16	\$35,230.23
IM*E0055840	7/20/2016	Navia Benefit Solutions	Payroll Deduction 7/21/16	\$15,499.70
IM*E0055841	7/20/2016	SURS-State University Retirement System	Payroll Deduction 7/21/16	\$358,794.06
IM*E0055842	7/20/2016	Valic Retirement Services	Payroll Deduction 7/21/16	\$132,429.40
IM*0205409	7/13/2016	Reliance Standard Life Insurance Company	Employee Share Life Insurance	\$33,173.71
<b>Total</b>				<b>\$2,639,206.27</b>

College of DuPage  
Community College District No. 502  
ACCOUNTS PAYABLE  
CASH DISBURSEMENTS GREATER THAN \$15,000  
July 31, 2016

## Accounts Payable Disbursements - July 2016

## CHECKS ISSUED DURING ACCOUNTING MONTH - JULY 2016 FOR INVOICES GREATER THAN \$15,000

CHECK NUMBER	CHECK DATE	PAYEE NAME	DESCRIPTION	AMOUNT
IM*0205021	7/5/2016	Illinois Community College Risk	Property and Casualty Insurance	\$1,177,294.00
IM*0205047	7/8/2016	Postmaster - Glen Ellyn	USPS Prepaid	\$20,000.00
IM*0205048	7/6/2016	Reserve Account	Pitney Bowes Prepaid	\$20,000.00
IM*0205065	7/7/2016	Marsh USA, Inc.	Other Contractual Services Expense	\$76,500.00
IM*0205067	7/7/2016	Schaeffes Brothers, Inc.	Pay Application No. 1 - Land Improvements for Athletics	\$125,000.00
IM*0205091	7/11/2016	American Express Travel Related Services Co., Inc.	College related travel fees for employees and student group travel	\$39,117.66
IM*0205407	7/13/2016	Healthcare Service Corporation	Vision/Dental PPO Payouts	\$65,050.86
IM*0205408	7/13/2016	Lexicon Networks, Inc.	IT Maintenance Services	\$30,000.00
IM*0205409	7/13/2016	Reliance Standard Life Insurance Company	Life Insurance - College Share	\$9,923.10
IM*0205410	7/13/2016	Zehnder Communications, Inc.	Advertising Expense	\$79,182.30
IM*0205424	7/14/2016	Florida Graphic Supply, Inc.	Advertising Expense	\$20,382.60
IM*0205425	7/14/2016	GE Healthcare	Equipment - Instructional	\$118,764.33
IM*0205427	7/18/2016	Postmaster - Glen Ellyn	USPS Prepaid	\$20,000.00
IM*0205888	7/26/2016	Phi Theta Kappa Honor Society-MS	Funds Held In Custody of Other	\$22,158.00
IM*0205889	7/26/2016	Xerox Corporation	Rental - Equipment	\$46,054.23
IM*0205891	7/26/2016	ComEd/Commonwealth Edison-Carol Stream	Electricity Expense	\$60,781.32
IM*E0055517	7/6/2016	SURS-State University Retirement System	College Share SURS health 7/7/16 Payroll	\$16,877.88
IM*E0055517	7/6/2016	SURS-State University Retirement System	College Share Trust and Federal Funds 7/7/16 Payroll	\$2,448.40
IM*E0055593	7/13/2016	Denier, Inc.	Other Contractual Services Expense	\$442,662.50
IM*E0055594	7/13/2016	GLI Services, Inc.	New Buildings and Additions	\$61,171.94
IM*E0055595	7/13/2016	Midwest Computer Supply	Equip < \$2,500 per Item	\$91,905.40
IM*E0055596	7/13/2016	W. Nuhsbaum, Inc.	Instructional Supplies	\$79,185.60
IM*E0055740	7/14/2016	Village of Glen Ellyn	Water - Sewage Expense	\$39,980.69
IM*E0055741	7/14/2016	Zimmerman Enterprise, Inc. DWB/A Best Bus Sales	Equipment - Instructional	\$24,650.00
IM*E0055742	7/14/2016	Correct Digital Displays, Inc.	Equipment - Instructional	\$100,000.00
IM*E0055743	7/14/2016	DAOES	Pass thru funds to ISBE. COD acts as the pass through agent.	\$183,840.00
IM*E0055744	7/14/2016	Follett Higher Education	Student bookstore charges	\$33,118.70
IM*E0055745	7/14/2016	Landworks	Pay Application 1 - Urban Sustainability Farm Project	\$176,174.00
IM*E0055746	7/14/2016	Bailey Edward	Architectural Services Expense	\$15,004.00
IM*E0055747	7/18/2016	Denier, Inc.	Other Contractual Services Expense	\$23,297.50
IM*E0055748	7/18/2016	Nicor Enerchange	Gas Expense	\$26,353.83
IM*E0055749	7/18/2016	Sport Supply Group, Inc.	Non-Capital Equipment	\$24,997.50
IM*E0055838	7/20/2016	Community College Health Consortium	PPO Premier Payments	\$1,296,019.20
IM*E0055841	7/20/2016	SURS-State University Retirement System	College Share SURS health 7/21/16 Payroll	\$16,683.32
IM*E0055841	7/20/2016	SURS-State University Retirement System	College Share Trust and Federal Funds 7/21/16 Payroll	\$5,214.54
IM*E0055845	7/25/2016	Range Systems, Inc.	Equipment - Office	\$35,670.00
IM*E0055846	7/26/2016	Smith Maintenance Company	Custodial Services	\$30,166.50
IM*E0055847	7/26/2016	Touchnet Information Systems, Inc.	IT Maintenance Services	\$103,814.16
IM*E0055849	7/26/2016	Illinois Power Marketing D/B/A Homefield Energy	Electricity Expense	\$200,447.13
IM*E0055931	7/28/2016	Advanced Communications	Equipment - Instructional	\$46,794.15
IM*E0055932	7/28/2016	Advanced Wiring Solutions, Inc.	Building Remodeling Expense	\$73,051.00
IM*E0055933	7/28/2016	ESM Solutions Corporation	IT Maintenance Services	\$33,420.00
IM*E0055934	7/28/2016	Have Wireless, Inc.	Rental - Equipment	\$47,670.00
IM*A487	7/7/2016	Department of Treasury	College Share FICA Tax 7/7/16 PR	\$5,764.19
IM*A487	7/7/2016	Department of Treasury	College Share Medicare Tax 7/7/16 PR	\$82,403.58
IM*A490	7/21/2016	Department of Treasury	College Share FICA Tax 7/21/16 PR	\$5,470.81
IM*A490	7/21/2016	Department of Treasury	College Share Medicare Tax 7/21/16 PR	\$60,528.53
<b>Total</b>				<b>\$5,325,983.23</b>

## Purchases for approval to be paid in August 2016

Academy of Dance Arts	Dance School Rental and Revenue Share	\$16,502.08
Graybar	Security Cameras (Cooperative Agreement)	\$24,702.00
DAOES - Technology Center of DuPage	Pass thru funds to ISBE	\$335,256.00
JMA Construction, Inc.	Installation of Data cabling in SRC Building	\$17,809.00
Landworks	COD Urban Sustainability Farm Project	\$32,180.32

College of DuPage  
Community College District No. 502  
ACCOUNTS PAYABLE  
ALL CASH DISBURSEMENTS - Sorted by Check Number  
July 31, 2016

## CHECKS ISSUED DURING ACCOUNTING MONTH - JULY

Check number sequence order excludes checks issued to students which results in check number sequence gaps. All students are covered under the Family Educational Rights and Privacy Act (FERPA). Checks listed include payroll cash disbursements made to vendors and government agencies for employee payroll deductions.					
To view Invoices on line, click the hyperlink below to take you to the College's home page. <a href="http://www.cod.edu/about/office_of_the_president/planning_and_reporting_documents/invoices.aspx">http://www.cod.edu/about/office_of_the_president/planning_and_reporting_documents/invoices.aspx</a> Click on "About COD"; then click on "COD Financial Documents"; then click on Third Party Invoices and select a month					
AP TYPE	CHECK NUMBER	CHECK DATE	PAYEE	AMOUNT	DESCRIPTION
Employee Reim	IM*0205019	7/5/2016	Teresa K. Norris	\$120.00	Employee Reimbursement
Invoice < \$15,000	IM*0205020	7/5/2016	Illinois Community College Risk Consortium	\$2,036.00	Property and Casualty Insurance
Invoice > \$15,000	IM*0205021	7/5/2016	Illinois Community College Risk Consortium	\$1,177,294.00	Property and Casualty Insurance
Invoice < \$15,000	IM*0205046	7/5/2016	WLS-FM	\$6,000.00	Advertising Expense
Invoice > \$15,000	IM*0205047	7/6/2016	Glen Eilyn Postmaster	\$20,000.00	USPS Prepaid
Invoice > \$15,000	IM*0205048	7/6/2016	Reserve Account	\$20,000.00	Pitney Bowes Prepaid
Invoice < \$15,000	IM*0205049	7/6/2016	Blatt, Hasenmiller, Leibsher, Moore, LLC.	\$218.04	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205050	7/6/2016	Education Loan - AES PHEAA	\$240.29	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205051	7/6/2016	Great Lakes Higher Education Guaranty Corp.	\$483.75	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205052	7/6/2016	Illinois Dept of Revenue	\$168.32	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205053	7/6/2016	International Union of Operating Engineers	\$646.13	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205054	7/6/2016	ISAC-Student Loan	\$79.33	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205055	7/6/2016	ISAC-Student Loan	\$189.77	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205056	7/6/2016	Marilyn O. Marshall	\$192.00	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205057	7/6/2016	Office of Glenn B. Stearns	\$752.31	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205058	7/6/2016	Pennsylvania SCOU	\$542.39	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205059	7/6/2016	State Disbursement Unit	\$4,134.39	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205060	7/6/2016	Steven J. Fink & Association	\$55.86	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205061	7/6/2016	Weltman, Welnberg & Rels Co., LPA	\$639.54	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205062	7/6/2016	WI SCTF	\$507.69	Payroll Deductions - 7/7/16 Payroll
Invoice < \$15,000	IM*0205063	7/7/2016	All Occasions Balloons	\$75.00	Conference/Meeting Expense- Local
Invoice > \$15,000	IM*0205065	7/7/2016	Marsh USA, Inc.	\$76,500.00	Other Contractual Services Expense
Invoice < \$15,000	IM*0205066	7/7/2016	Robert Morris University	\$650.00	Tuition Reimbursement-Classified
Invoice > \$15,000	IM*0205067	7/7/2016	Schaefges Brothers, Inc.	\$125,000.00	Release and Settlement Agreement
Employee Reim	IM*0205068	7/11/2016	Susan F. Tljev	\$777.83	Employee Reimbursement
Employee Reim	IM*0205069	7/11/2016	Jason D. Florin	\$246.06	Employee Reimbursement
Invoice > \$15,000	IM*0205091	7/11/2016	American Express Travel Related Services Co., Inc.	\$38,117.68	College related travel fees for employees and student group travel
Invoice < \$15,000	IM*0205092	7/12/2016	IPC International, Inc.	\$67.00	Publications
Invoice < \$15,000	IM*0205404	7/12/2016	The Morton Arboretum	\$165.00	Other Contractual Services Expense
Invoice < \$15,000	IM*0205405	7/13/2016	Guardian-Appleton	\$4,873.45	Vision/Dental HMO Premiums
Invoice < \$15,000	IM*0205406	7/13/2016	Unum Life Insurance Company of America	\$10,900.52	Long Term Care - Insurance
Invoice < \$15,000	IM*0205407	7/13/2016	Healthcare Service Corporation	\$65,050.86	Vision/Dental PPO Payouts
Invoice > \$15,000	IM*0205408	7/13/2016	Lexicon Networks, Inc.	\$30,000.00	IT Maintenance Services
Invoice > \$15,000	IM*0205409	7/13/2016	Reliance Standard Life Insurance Company	\$43,096.81	Life Insurance
Invoice > \$15,000	IM*0205410	7/13/2016	Zehnder Communications, Inc.	\$79,182.30	Advertising Expense
Invoice < \$15,000	IM*0205411	7/13/2016	Gathering of Healthcare Simulation Technology Specialists	\$450.00	Tuition Reimbursement-Classified
Invoice < \$15,000	IM*0205412	7/14/2016	ComEd/Commonwealth Edison-Carol Stream	\$285.61	Electricity Expense
Invoice < \$15,000	IM*0205413	7/14/2016	Verizon Wireless	\$478.80	Cell Phone Allowance
Invoice < \$15,000	IM*0205414	7/14/2016	Village of Carol Stream	\$57.05	Water - Sewage Expense
Invoice < \$15,000	IM*0205415	7/14/2016	Waste Management of IL-West	\$188.75	Refuse Disposal Expense
Invoice < \$15,000	IM*0205416	7/14/2016	AT&T Corporation	\$4,760.73	Telephone Expense
Invoice < \$15,000	IM*0205417	7/14/2016	AT&T - Carol Stream	\$238.58	Telephone Expense
Invoice < \$15,000	IM*0205418	7/14/2016	AT&T - Carol Stream	\$2,334.53	Telephone Expense
Invoice < \$15,000	IM*0205419	7/14/2016	AT&T - Carol Stream	\$1,736.79	Telephone Expense
Invoice < \$15,000	IM*0205420	7/14/2016	AT&T Mobility	\$106.64	Cell Phone Allowance
Invoice < \$15,000	IM*0205421	7/14/2016	AT&T Mobility	\$80.88	Conference/Meeting Expense- Local
Invoice > \$15,000	IM*0205424	7/14/2016	Florida Graphic Supply, Inc.	\$20,382.60	Anniversary Graphics for Marketing & Creative Services
Invoice > \$15,000	IM*0205425	7/14/2016	GE Healthcare	\$118,764.35	Equipment - Instructional
Invoice < \$15,000	IM*0205426	7/18/2016	Cardmember Service	\$239.68	Travel - In Dist / In State
Invoice > \$15,000	IM*0205427	7/18/2016	Glen Eilyn Postmaster	\$20,000.00	USPS Prepaid
Invoice < \$15,000	IM*0205449	7/19/2016	AAP Financial Services, Inc.	\$699.00	Books and Binding Costs
Invoice < \$15,000	IM*0205450	7/19/2016	Jonathan B. Abarbanel	\$50.00	Other Contractual Services Expense
Invoice < \$15,000	IM*0205451	7/19/2016	ABC-CLIO Inc.	\$750.22	Books and Binding Costs
Invoice < \$15,000	IM*0205452	7/19/2016	Accurate Document Destruction, Inc.	\$207.77	Refuse Disposal Expense
Invoice < \$15,000	IM*0205453	7/19/2016	ACLS-American Council of Learned Societies	\$545.00	Books and Binding Costs
Invoice < \$15,000	IM*0205454	7/19/2016	The Active Network	\$2,500.00	Other Conference & Meeting Expense
Invoice < \$15,000	IM*0205455	7/19/2016	Advance Auto Parts	\$583.86	Purchase for Resale
Invoice < \$15,000	IM*0205456	7/19/2016	Advance Auto Parts	\$298.25	Purchase for Resale
Invoice < \$15,000	IM*0205457	7/19/2016	Advertiser La Grange Memorial Hospital	\$90.00	Instructional Service Contribution



College of DuPage  
 Community College District No. 502  
**ACCOUNTS PAYABLE**  
 ALL CASH DISBURSEMENTS - Sorted by Check Number  
 July 31, 2016

CHECKS ISSUED DURING ACCOUNTING MONTH - JULY

Check number sequence order excludes checks issued to students which results in check number sequence gaps. All students are covered under the Family Educational Rights and Privacy Act (FERPA). Checks listed include payroll cash disbursements made to vendors and government agencies for employee payroll deductions.

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 Click on "About COD"; then click on "COD Financial Documents"; then click on Third Party Invoices and select a month

AP TYPE	CHECK NUMBER	CHECK DATE	PAYEE	AMOUNT	DESCRIPTION
Invoice < \$15,000	IM*0205458	7/19/2016	AHW, LLC.	\$330.45	Repair Material & Supplies
Invoice < \$15,000	IM*0205459	7/19/2016	AICPA-North Carolina	\$279.63	Books and Binding Costs
Invoice < \$15,000	IM*0205460	7/19/2016	Airgas, Inc.	\$950.62	Maintenance Services
Invoice < \$15,000	IM*0205461	7/19/2016	Airgas, Inc.	\$88.08	Instructional Supplies
Invoice < \$15,000	IM*0205462	7/19/2016	ALA Library	\$805.00	Books and Binding Costs
Invoice < \$15,000	IM*0205463	7/19/2016	Alexander Equipment Company	\$2,001.66	Instructional Supplies
Invoice < \$15,000	IM*0205464	7/19/2016	Alluris	\$183.55	Books and Binding Costs
Invoice < \$15,000	IM*0205465	7/19/2016	Amalgamated Bank of Chicago	\$200.00	Other Expenditure
Invoice < \$15,000	IM*0205466	7/19/2016	American Red Cross	\$975.00	Instructional Supplies
Invoice < \$15,000	IM*0205467	7/19/2016	American English, LLC.	\$2,500.00	Other Contractual Services Expense
Invoice < \$15,000	IM*0205468	7/19/2016	American Hotel Register Company	\$403.83	Instructional Supplies
Invoice < \$15,000	IM*0205469	7/19/2016	American Psychiatric Publishing	\$104.95	Instructional Supplies
Invoice < \$15,000	IM*0205470	7/19/2016	American Public Media	\$111.60	Other Contractual Services Expense
Invoice < \$15,000	IM*0205471	7/19/2016	American Society of Radiologic Technologists	\$3,454.95	Instructional Supplies
Invoice < \$15,000	IM*0205472	7/19/2016	Laura A. Anschicks	\$800.00	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205473	7/19/2016	Aramark Uniform Services	\$82.69	Instructional Service Contribution
Invoice < \$15,000	IM*0205474	7/19/2016	AT&T Mobility	\$224.03	Other Materials & Supplies Expense
Invoice < \$15,000	IM*0205475	7/19/2016	Gloria M. Atkins	\$500.00	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205476	07/19/2016	The Audio File	\$53.25	Advertising Expense
Invoice < \$15,000	IM*0205477	07/19/2016	Automatic Doors, Inc.	\$646.50	Maintenance Services Expense
Invoice < \$15,000	IM*0205478	07/19/2016	Baker & Taylor Books	\$146.18	Books and Binding Costs
Invoice < \$15,000	IM*0205479	07/19/2016	Robert C. Barron	\$800.00	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205480	07/19/2016	David L. Baughman	\$800.00	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205481	07/19/2016	Louise M. Baum	\$255.70	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205482	07/19/2016	Beer Dogging, LLC.	\$3,029.91	Instructional Supplies
Invoice < \$15,000	IM*0205483	07/19/2016	Belfer Bags, LLC.	\$615.00	Instructional Supplies
Invoice < \$15,000	IM*0205484	07/19/2016	Michael R. Bell	\$583.33	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205485	07/19/2016	William R. Bell	\$403.13	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205486	07/19/2016	Ben Meadows Company	\$114.38	Instructional Supplies
Invoice < \$15,000	IM*0205487	07/19/2016	Rebecca J. Bergan	\$700.00	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205488	07/19/2016	Bernan	\$15.00	Books and Binding Costs
Invoice < \$15,000	IM*0205489	07/19/2016	BHF Digital Imaging	\$7,995.00	Equipment - Service
Invoice < \$15,000	IM*0205490	07/19/2016	Bibliotheca, LLC.	\$1,678.95	Other Contractual Services Expense
Invoice < \$15,000	IM*0205491	07/19/2016	Richard E. Bielecki	\$403.13	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205492	07/19/2016	Beverly A. Blshausen	\$450.00	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205493	07/19/2016	Blick Art Materials, LLC.	\$290.54	Instructional Supplies
Invoice < \$15,000	IM*0205494	07/19/2016	Blooming Color, Inc.	\$6,688.08	Printing Expense
Invoice < \$15,000	IM*0205495	07/19/2016	Tammie A. Bob	\$1,283.33	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205496	07/19/2016	Breakthru Beverage Illinois, LLC.	\$456.00	Purchase for Resale
Invoice < \$15,000	IM*0205497	07/19/2016	Kenneth M. Brol	\$450.00	Retiree Healthcare Payments
Invoice < \$15,000	IM*0205498	07/19/2016	Brick Wall, Inc.	\$115.50	Instructional Supplies
Invoice < \$15,000	IM*0205499	07/19/2016	Broadcasters General Store, Inc.	\$4,951.69	Equipment - Service
Invoice < \$15,000	IM*0205500	07/19/2016	Brownell's	\$187.31	Instructional Supplies
Invoice < \$15,000	IM*0205501	07/19/2016	Buikema's Ace Hardware	\$488.29	Other supplies
Invoice < \$15,000	IM*0205502	07/19/2016	Bumper to Bumper	\$5,870.51	Purchase for Resale
Invoice < \$15,000	IM*0205504	07/19/2016	C.N.P. Media, Inc.	\$500.00	Advertising Expense
Invoice < \$15,000	IM*0205505	07/19/2016	Cambridge Educational	\$3,216.93	Instructional Supplies
Invoice < \$15,000	IM*0205506	07/19/2016	Cambridge University Press	\$12,670.99	Instructional Supplies
Invoice < \$15,000	IM*0205507	07/19/2016	Cantigny Foundation	\$1,923.00	Non-Capital equipment
Invoice < \$15,000	IM*0205508	07/19/2016	Cape Eleuthera Foundation, Inc.	\$10,995.00	International Travel
Invoice < \$15,000	IM*0205509	07/19/2016	CARLI-UIUC	\$14,171.00	Buses
Invoice < \$15,000	IM*0205510	07/19/2016	Cary Company	\$119.00	Instructional Supplies
Invoice < \$15,000	IM*0205511	07/19/2016	CCH, Inc.	\$191.10	Books and Binding Costs
Invoice < \$15,000	IM*0205512	07/19/2016	Cocchin Plumbing & Heating	\$9,650.00	Other Contractual Services Expense
Invoice < \$15,000	IM*0205513	07/19/2016	Center Mass, Inc.	\$186.79	Instructional Supplies
Invoice < \$15,000	IM*0205514	07/19/2016	Central Dupage Hospital Association	\$7,000.00	Consultants Expense
Invoice < \$15,000	IM*0205515	07/19/2016	Central Dupage Hospital Association	\$135.00	Instructional Service Contribution
Invoice < \$15,000	IM*0205516	07/19/2016	Central Sod Farm	\$700.00	Maintenance Supplies
Invoice < \$15,000	IM*0205517	07/19/2016	Chicago Distribution Center	\$628.19	Books and Binding Costs

**RESPONSE TO RECOMMENDATION  
NUMBER 10**

**College of DuPage Purchasing – Professional Services**

Professional Services Categories include, but are not limited by, the following:

Accounting/Financial	Artistic	Environmental/Construction
<ul style="list-style-type: none"> <li>• Accountant</li> <li>• Actuaries</li> <li>• Auditing Services</li> <li>• Banking Services</li> <li>• Billing Services</li> <li>• Collection Services</li> <li>• Economist</li> <li>• Investment Services</li> </ul>	<ul style="list-style-type: none"> <li>• Artist</li> <li>• Entertainer</li> <li>• Musician</li> <li>• Sculptor</li> </ul>	<ul style="list-style-type: none"> <li>• Acoustics Consulting</li> <li>• Arborist</li> <li>• Architect**</li> <li>• Building Commissioning Services</li> <li>• Cartographer</li> <li>• Code Consulting Services</li> <li>• Construction Management Services</li> <li>• Construction Materials Testing Services (concrete, soil, asphalt)</li> <li>• Cost Estimating Services</li> <li>• Engineer**</li> <li>• Environmental Analyst</li> <li>• Environmental Engineer</li> <li>• Geologist</li> <li>• Hydrologist</li> <li>• Interior Design Services</li> <li>• Land Appraiser</li> <li>• Land Surveyor**</li> <li>• Land Use Planner</li> <li>• Landscape Architect</li> <li>• LEED Consulting Services</li> <li>• Meteorologist</li> <li>• Signage Design</li> <li>• Specialty Construction Consultants (Theatre, Culinary, Ballistics)</li> </ul>
Information Technology	Law	
<ul style="list-style-type: none"> <li>• Consultant</li> <li>• Network Design</li> <li>• Programmers</li> <li>• Systems Analyst</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative Law Judge</li> <li>• Arbitrator/Mediator</li> <li>• Attorney</li> <li>• Court Reporting</li> <li>• Hearing Officer</li> <li>• Law Clerk</li> <li>• Legal Services</li> </ul>	
Marketing & Media Services	Management/Administrative	Science/Research
<ul style="list-style-type: none"> <li>• Audio &amp; Video Production</li> <li>• Commercial Photographer</li> <li>• Editor</li> <li>• Graphic Designer</li> <li>• Media Consultant</li> <li>• Public Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Consultants</li> <li>• Training &amp; Development</li> </ul>	<ul style="list-style-type: none"> <li>• Archaeologist</li> <li>• Biologist</li> <li>• Botanist</li> <li>• Chemist</li> <li>• Educator</li> <li>• Entomologist</li> <li>• Historian</li> </ul>

\*\*The College will award these services as outlined in Administrative Procedure 10-90, the Illinois Community College Act, and the *Local Government Professional Services Selection Act*.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:</b>		Procedure #
<b>PROFESSIONAL SERVICE CONTRACTS</b>		Page #:
Effective Date: 4/1/2015	Revision Date:	Revision Date:

**PURPOSE:**

- 1) To ensure contracts for professional services are selected through a competitive proposal process as outlined in Administrative Procedure 10-60 as appropriate, and
- 2) To ensure compliance and consistency in application of Professional Services exemptions from a competitive proposal process. These exemptions include:
  - Illinois Public Community College Act. Section 3-27.1. "Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part" are exempt from bidding.
  - Local Government Professional Services Selection Act states: "Whenever a project requiring architectural, engineering, or land surveying services is proposed for a political subdivision, the political subdivision shall, unless it has a satisfactory relationship for services with one or more firms" follow the procedures outlined in the Act.

**SCOPE:** Although there is no single, standard legal definition of professional services, common definitions for these services includes: requires specialized education, knowledge, labor, judgment, and skill; is predominantly mental or intellectual (as opposed to physical or manual) in nature; unique, technical, and/or infrequent functions performed by an independent contractor qualified by education, experience, and/or technical ability to provide services. In most cases, these services are of a specific project nature, and are not a continuing, ongoing responsibility of the institution. The services rendered are predominately intellectual in character even though the contractor may not be required to be licensed. Professional service engagements may involve partnerships, corporations, or individuals.

Contracts for Professional Services possessing a high degree of professional skill, where the ability or fitness of the individual plays an important part, shall be selected through a competitive proposal process unless the service is a sole source purchase that is appropriately documented. Contracts exceeding the established bid limit of \$25,000 (\$50,000 for construction-related contracts) shall require approval of the Board of Trustees. Selection of a professional service provider shall be based on a variety of criteria including, but not limited to, demonstrated competence, knowledge, references, and unique qualifications to perform the services, in addition to offering a fair and reasonable price that is consistent with current market conditions. (Administrative Procedure 10-60).

Application of Professional Services exemptions (under IPCCCA or LGPSSA) requires analysis of the required services, not just the qualifications of the provider. Whether a company meets the professional services exception must be determined in each case by focusing on the nature and scope of the services required. If the contract calls for professional and significant business judgment and professional skills and expertise that contribute directly to the overall success of the project, it will likely fit the professional services exemption. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3), but not more than five (5), years.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  PROFESSIONAL SERVICES CONTRACTS</b>		Procedure #
		Page #:
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**PROCEDURES:**

**1) Identify/Evaluate/Clarify**

- A) The Purchasing Department will not institute any action until it has received a valid requisition. Requisitions will be received and reviewed by the Purchasing Expediter or Buyer.
- B) According to Administrative Procedure 10-60, all professional services will be selected through a competitive proposal process unless the service is a sole source purchase.
  - i. Requester should attach the following, at a minimum, to the requisition for the RFP:
    - a. Description of the requirements, scope of work, or specifications (i.e. goal to be achieved, services to be performed)
    - b. Justification of the need for services
    - c. Qualifications necessary for the firm or individual
    - d. Term of the contract for services
    - e. Estimated schedule
    - f. Evaluation Criteria
    - g. Vendor List
- C) If the requester indicates an exemption is applicable, the following shall be reviewed by the Buyer and the Purchasing Manager:
  - i. If the requester indicates sole source applicability, it will be their responsibility to attach documentation justifying the sole source designation. The Purchasing Manager will determine if justification is adequate based on client requirements and availability in the market.
  - ii. If the requester indicates applicability of an exemption from competitive proposals based on the IPCCA exemptions, a justification and scope of work must be submitted with the requisition. The Purchasing Manager will determine if justification is adequate based on client requirements and availability in the market.
    - a. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3) to five (5) years.
- D) Administrative Policy 10-95 states that the Board of Trustees will annually approve the Arts Center, Business and Professional Institute, and Conference and Event Services comprehensive budgets, and allows administration to authorize contracts for speakers, productions, training, equipment rental, performers, etc. without additional Board approval.
  - i. A signed contract should be attached to the requisition. Senior Vice President, Administrative Affairs & Treasurer is the only representative authorized to sign contracts on behalf of the College.
- E) Selection of Architects, Engineers, and Land Surveyors must follow the process outlined in the Local Government Professional Services Selection Act. The only exemption included in this Act is when there is an established satisfactory relationship for services with one or more firms; in these cases, a contract should be attached to the requisition.
  - i. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3) to five (5) years.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  PROFESSIONAL SERVICES CONTRACTS</b>		Procedure #
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**2) Prepare Request for Proposal (RFP) Documents**

- A) Buyer will create a folder on U Drive/Purchasing/Fiscal Year folder (i.e. FY2015) and name folder with Bid Number and Title.
- B) Buyer will obtain RFP number from Purchasing Assistant.
- C) Buyer will be contact for all RFP documents.
- D) Buyer will ensure all language in RFP references RFP respondent (not "bidder", "bid", etc.).
- E) The following language from Section 30-22 Construction of the Illinois Procurement Code will be included in all RFPs for construction contracts: "The respondent and all respondent's subcontractors must participate in applicable apprenticeship and training programs approved by and registered with the United States Department of Labor's Bureau of Apprenticeship and Training.
- F) Per Administrative procedure 10-60, all RFP advertisements, specifications and resulting contracts will include a notice regarding payment of prevailing wages.
- G) If requester does not provide an adequate number (depending on type of service 5-10) of vendor names for solicitation, Buyer will complete a search for additional vendors using internet, current vendor database, and other resources.
- H) At least 2 business days prior to RFP start date, Buyer to create Legal Notice and send to Daily Herald with requested Posting date. Advertisement should be posted at least 10 business days prior to RFP Opening date. Buyer to save confirmation on U drive in RFP Communications folder.
- I) On RFP distribution date, Purchasing Assistant will post the project title, contact information, and due date on the COD Purchasing website.
- J) On RFP distribution date, Purchasing Assistant will email Invitation to Bid to all vendors on Vendor List provided by requester and Buyer.
  - I. Purchasing Assistant will note responses/transmittal error messages on vendor list
  - II. Purchasing Assistant will attempt other means of contacting vendors when initial attempt fails. If necessary, Purchasing Assistant will contact requester to assist in obtaining corrected vendor information to ensure vendors are contacted

**3) Distribution of RFP Documents**

- A) Bid documents will be sent to all vendors who request them.
- B) New vendors who request documents will be added to the vendor list
  - I. If bid brokers request documents on behalf of vendors, our obligation is only to provide the broker with additional documents such as addendums

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:</b>		Procedure #
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**4) Questions/Clarification**

**A) Pre-bid (if applicable)**

- I. Buyer and requester will attend pre-bid meeting
- II. Requester will lead meeting
- III. Buyer will record questions and ensure all vendors sign in (sign-in sheet template available on U drive/Purchasing/Templates folder)

**B) Other questions**

- I. Due date for questions is listed in Bid packet, and is generally 5 business days after legal advertisement initially runs. Once due date has passed, all vendors should be provided with Addendum answering all compiled questions.
  - a. Buyer will compile questions from vendors (from e-mails/phone calls/pre-bid, etc.) and work with requester to answer all of them in the form of an Addendum.
  - b. Buyer will get approval from requester on final draft of Addendum, save Addendum in project folder, and send a copy of final Addendum to Purchasing Assistant to distribute to all vendors on the vendor list.

**5) Opening of RFPs**

- A) Buyer will open all RFPs after date/time noted in the RFP packet has passed. Note: RFPs do not require a public bid opening.
- B) Buyer will review all RFPs to ensure conformance to requirements in Bid packet.
- C) Buyer will scan all responses and save to the project folder on the U drive.
- D) Buyer will e-mail or provide hard copy of all responses to the requester.
- E) Buyer will add minority-owned, women-owned, disadvantages, and local vendor information to the vendor list.

**6) Acceptance**

- A) Requester will review all responses with their selection committee.
- B) All selection committee members will score each response against the evaluation criteria in the RFP. Buyer can assist in creating the scoring matrix if requested.
- C) Response with the highest score will be the vendor proposed to the Board for award. Copy of summary scoring matrix to be provided to Buyer. Buyer will scan and place in the project folder.
- D) Buyer will confirm good standing of accepted vendor via the following websites, and will place screen shot of the Cyberdrive information in the project folder.
  - I. Illinois Secretary of State:  
[http://www.cyberdriveillinois.com/departments/business\\_services/corp.html](http://www.cyberdriveillinois.com/departments/business_services/corp.html)
  - II. Illinois State Debarred Companies List:  
[http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred\\_Companies.aspx](http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred_Companies.aspx)
  - III. Eligibility to bid on Illinois State Contracts:  
<http://data.illinois.gov/dataset/IDHR-Eligible-Public-Contract-Numbers/6vms-ush9>

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- E) Requester to complete a Vendor intake form and obtain a W-9 from the vendor; both documents to be sent to Purchasing (for new vendors only).
- F) Buyer to create a draft Board Report (template located in U drive/Purchasing/Templates folder).
  - I. Full business name as noted on the Signature Page of response documents, including DBA where applicable, should be used in the Board Report.
  - II. Watermark as "draft" and save as a PDF to send to requester for review and approval.
  - III. Save approval email in Bid communications folder.
  - IV. Buyer to send Word document of approved Board Report to Purchasing Assistant for finalization.
  - V. Purchasing Assistant will add topic to next month's agenda, assign the agenda item number to the Board Report. Spelling, grammar, punctuation, order of topics, and formatting will also be checked/adjusted by Purchasing Assistant.
  - VI. Once approved at BOT meeting, Buyer will notify requester.

**7) Closing of RFP File**

- A) Purchasing Assistant will move the RFP information to the Awarded RFP section of the webpage with the RFP and Board Report attached.
- B) Buyer will obtain signed copy of the contract for submission to Purchasing contract database (ImageNow) from requester.
- C) Buyer will obtain Certificate(s) of Insurance from requester prior to onsite work beginning. Buyer will enter COIs into ImageNow database.
- D) The Purchasing Department will retain original contracts, RFP documents, RFP responses, Certificates of Insurance, Evaluation Matrix, and Board Report.

END OF DOCUMENT



**RESPONSE TO RECOMMENDATION  
NUMBER 13**

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:</b>		Procedure #
<b>PROFESSIONAL SERVICE CONTRACTS</b>		Page #:
Effective Date: 4/1/2015	Revision Date:	Revision Date:
<p><b>PURPOSE:</b></p> <ol style="list-style-type: none"> <li>1) To ensure contracts for professional services are selected through a competitive proposal process as outlined in Administrative Procedure 10-60 as appropriate, and</li> <li>2) To ensure compliance and consistency in application of Professional Services exemptions from a competitive proposal process. These exemptions include: <ul style="list-style-type: none"> <li>• Illinois Public Community College Act. Section 3-27.1. "Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part" are exempt from bidding.</li> <li>• Local Government Professional Services Selection Act states: "Whenever a project requiring architectural, engineering, or land surveying services is proposed for a political subdivision, the political subdivision shall, unless it has a satisfactory relationship for services with one or more firms" follow the procedures outlined in the Act.</li> </ul> </li> </ol> <p><b>SCOPE:</b> Although there is no single, standard legal definition of professional services, common definitions for these services includes: requires specialized education, knowledge, labor, judgment, and skill; is predominantly mental or intellectual (as opposed to physical or manual) in nature; unique, technical, and/or infrequent functions performed by an independent contractor qualified by education, experience, and/or technical ability to provide services. In most cases, these services are of a specific project nature, and are not a continuing, ongoing responsibility of the institution. The services rendered are predominately intellectual in character even though the contractor may not be required to be licensed. Professional service engagements may involve partnerships, corporations, or individuals.</p> <p>Contracts for Professional Services possessing a high degree of professional skill, where the ability or fitness of the individual plays an important part, shall be selected through a competitive proposal process unless the service is a sole source purchase that is appropriately documented. Contracts exceeding the established bid limit of \$25,000 (\$50,000 for construction-related contracts) shall require approval of the Board of Trustees. Selection of a professional service provider shall be based on a variety of criteria including, but not limited to, demonstrated competence, knowledge, references, and unique qualifications to perform the services, in addition to offering a fair and reasonable price that is consistent with current market conditions. (Administrative Procedure 10-60).</p> <p>Application of Professional Services exemptions (under IPCCCA or LGPSSA) requires analysis of the required services, not just the qualifications of the provider. Whether a company meets the professional services exception must be determined in each case by focusing on the nature and scope of the services required. If the contract calls for professional and significant business judgment and professional skills and expertise that contribute directly to the overall success of the project, it will likely fit the professional services exemption. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3), but not more than five (5), years.</p>		

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**PROCEDURES:**

**1) Identify/Evaluate/Clarify**

- A) The Purchasing Department will not institute any action until it has received a valid requisition. Requisitions will be received and reviewed by the Purchasing Expediter or Buyer.
- B) According to Administrative Procedure 10-60, all professional services will be selected through a competitive proposal process unless the service is a sole source purchase.
  - I. Requester should attach the following, at a minimum, to the requisition for the RFP:
    - a. Description of the requirements, scope of work, or specifications (i.e. goal to be achieved, services to be performed)
    - b. Justification of the need for services
    - c. Qualifications necessary for the firm or individual
    - d. Term of the contract for services
    - e. Estimated schedule
    - f. Evaluation Criteria
    - g. Vendor List
- C) If the requester indicates an exemption is applicable, the following shall be reviewed by the Buyer and the Purchasing Manager:
  - I. If the requester indicates sole source applicability, it will be their responsibility to attach documentation justifying the sole source designation. The Purchasing Manager will determine if justification is adequate based on client requirements and availability in the market.
  - II. If the requester indicates applicability of an exemption from competitive proposals based on the IPCCAs exemptions, a justification and scope of work must be submitted with the requisition. The Purchasing Manager will determine if justification is adequate based on client requirements and availability in the market.
    - a. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3) to five (5) years.
- D) Administrative Policy 10-95 states that the Board of Trustees will annually approve the Arts Center, Business and Professional Institute, and Conference and Event Services comprehensive budgets, and allows administration to authorize contracts for speakers, productions, training, equipment rental, performers, etc. without additional Board approval.
  - I. A signed contract should be attached to the requisition. Senior Vice President, Administrative Affairs & Treasurer is the only representative authorized to sign contracts on behalf of the College.
- E) Selection of Architects, Engineers, and Land Surveyors must follow the process outlined in the Local Government Professional Services Selection Act. The only exemption included in this Act is when there is an established satisfactory relationship for services with one or more firms; in these cases, a contract should be attached to the requisition.
  - I. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3) to five (5) years.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  PROFESSIONAL SERVICES CONTRACTS</b>		Procedure #
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**2) Prepare Request for Proposal (RFP) Documents**

- A) Buyer will create a folder on U Drive/Purchasing/Fiscal Year folder (i.e. FY2015) and name folder with Bid Number and Title.
- B) Buyer will obtain RFP number from Purchasing Assistant.
- C) Buyer will be contact for all RFP documents.
- D) Buyer will ensure all language in RFP references RFP respondent (not "bidder", "bid", etc.).
- E) The following language from Section 30-22 Construction of the Illinois Procurement Code will be included in all RFPs for construction contracts: "The respondent and all respondent's subcontractors must participate in applicable apprenticeship and training programs approved by and registered with the United States Department of Labor's Bureau of Apprenticeship and Training.
- F) Per Administrative procedure 10-60, all RFP advertisements, specifications and resulting contracts will include a notice regarding payment of prevailing wages.
- G) If requester does not provide an adequate number (depending on type of service 5-10) of vendor names for solicitation, Buyer will complete a search for additional vendors using internet, current vendor database, and other resources.
- H) At least 2 business days prior to RFP start date, Buyer to create Legal Notice and send to Daily Herald with requested Posting date. Advertisement should be posted at least 10 business days prior to RFP Opening date. Buyer to save confirmation on U drive in RFP Communications folder.
- I) On RFP distribution date, Purchasing Assistant will post the project title, contact information, and due date on the COD Purchasing website.
- J) On RFP distribution date, Purchasing Assistant will email Invitation to Bid to all vendors on Vendor List provided by requester and Buyer.
  - i. Purchasing Assistant will note responses/transmittal error messages on vendor list
  - ii. Purchasing Assistant will attempt other means of contacting vendors when initial attempt fails. If necessary, Purchasing Assistant will contact requester to assist in obtaining corrected vendor information to ensure vendors are contacted

**3) Distribution of RFP Documents**

- A) Bid documents will be sent to all vendors who request them.
- B) New vendors who request documents will be added to the vendor list
  - i. If bid brokers request documents on behalf of vendors, our obligation is only to provide the broker with additional documents such as addendums

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR: PROFESSIONAL SERVICES CONTRACTS</b>		Procedure #
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Effective Date: 4/21/15	Revision Date:	Revision Date:

4) Questions/Clarification

A) Pre-bid (if applicable)

- I. Buyer and requester will attend pre-bid meeting
- II. Requester will lead meeting
- III. Buyer will record questions and ensure all vendors sign in (sign-in sheet template available on U drive/Purchasing/Templates folder)

B) Other questions

- I. Due date for questions is listed in Bid packet, and is generally 5 business days after legal advertisement initially runs. Once due date has passed, all vendors should be provided with Addendum answering all compiled questions.
  - a. Buyer will compile questions from vendors (from e-mails/phone calls/pre-bid, etc.) and work with requester to answer all of them in the form of an Addendum.
  - b. Buyer will get approval from requester on final draft of Addendum, save Addendum in project folder, and send a copy of final Addendum to Purchasing Assistant to distribute to all vendors on the vendor list.

5) Opening of RFPs

- A) Buyer will open all RFPs after date/time noted in the RFP packet has passed. Note: RFPs do not require a public bid opening.
- B) Buyer will review all RFPs to ensure conformance to requirements in Bid packet.
- C) Buyer will scan all responses and save to the project folder on the U drive.
- D) Buyer will e-mail or provide hard copy of all responses to the requester.
- E) Buyer will add minority-owned, women-owned, disadvantages, and local vendor information to the vendor list.

6) Acceptance

- A) Requester will review all responses with their selection committee.
- B) All selection committee members will score each response against the evaluation criteria in the RFP. Buyer can assist in creating the scoring matrix if requested.
- C) Response with the highest score will be the vendor proposed to the Board for award. Copy of summary scoring matrix to be provided to Buyer. Buyer will scan and place in the project folder.
- D) Buyer will confirm good standing of accepted vendor via the following websites, and will place screen shot of the Cyberdrive information in the project folder.
  - I. Illinois Secretary of State:  
[http://www.cyberdriveillinois.com/departments/business\\_services/cgrp.html](http://www.cyberdriveillinois.com/departments/business_services/cgrp.html)
  - II. Illinois State Debarred Companies List:  
[http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred\\_Companies.aspx](http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred_Companies.aspx)
  - III. Eligibility to bid on Illinois State Contracts:  
<http://data.illinois.gov/dataset/IDHR-Eligible-Public-Contract-Numbers/6vms-ush9>

**COLLEGE OF DUPAGE PURCHASING DEPARTMENT  
OPERATING PROCEDURE FOR:**

Procedure #

**PROFESSIONAL SERVICES CONTRACTS**

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Effective Date: 4/21/15

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- E) Requester to complete a Vendor Intake form and obtain a W-9 from the vendor; both documents to be sent to Purchasing (for new vendors only).
- F) Buyer to create a draft Board Report (template located in U drive/Purchasing/Templates folder).
  - I. Full business name as noted on the Signature Page of response documents, including DBA where applicable, should be used in the Board Report.
  - II. Watermark as "draft" and save as a PDF to send to requester for review and approval.
  - III. Save approval email in Bid communications folder.
  - IV. Buyer to send Word document of approved Board Report to Purchasing Assistant for finalization.
  - V. Purchasing Assistant will add topic to next month's agenda, assign the agenda item number to the Board Report. Spelling, grammar, punctuation, order of topics, and formatting will also be checked/adjusted by Purchasing Assistant.
  - VI. Once approved at BOT meeting, Buyer will notify requester.

**7) Closing of RFP File**

- A) Purchasing Assistant will move the RFP information to the Awarded RFP section of the webpage with the RFP and Board Report attached.
- B) Buyer will obtain signed copy of the contract for submission to Purchasing contract database (ImageNow) from requester.
- C) Buyer will obtain Certificate(s) of Insurance from requester prior to onsite work beginning. Buyer will enter COIs into ImageNow database.
- D) The Purchasing Department will retain original contracts, RFP documents, RFP responses, Certificates of Insurance, Evaluation Matrix, and Board Report.

**END OF DOCUMENT**

**RESPONSE TO RECOMMENDATION  
NUMBER 14**

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  PROFESSIONAL SERVICE CONTRACTS</b>		Procedure #
		Page #:
Effective Date: 4/1/2015	Revision Date:	Revision Date:

**PURPOSE:**

- 1) To ensure contracts for professional services are selected through a competitive proposal process as outlined in Administrative Procedure 10-60 as appropriate, and
- 2) To ensure compliance and consistency in application of Professional Services exemptions from a competitive proposal process. These exemptions include:
  - Illinois Public Community College Act. Section 3-27.1. "Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part" are exempt from bidding.
  - Local Government Professional Services Selection Act states: "Whenever a project requiring architectural, engineering, or land surveying services is proposed for a political subdivision, the political subdivision shall, unless it has a satisfactory relationship for services with one or more firms" follow the procedures outlined in the Act.

**SCOPE:** Although there is no single, standard legal definition of professional services, common definitions for these services includes: requires specialized education, knowledge, labor, judgment, and skill; is predominantly mental or intellectual (as opposed to physical or manual) in nature; unique, technical, and/or infrequent functions performed by an independent contractor qualified by education, experience, and/or technical ability to provide services. In most cases, these services are of a specific project nature, and are not a continuing, ongoing responsibility of the institution. The services rendered are predominately intellectual in character even though the contractor may not be required to be licensed. Professional service engagements may involve partnerships, corporations, or individuals.

Contracts for Professional Services possessing a high degree of professional skill, where the ability or fitness of the individual plays an important part, shall be selected through a competitive proposal process unless the service is a sole source purchase that is appropriately documented. Contracts exceeding the established bid limit of \$25,000 (\$50,000 for construction-related contracts) shall require approval of the Board of Trustees. Selection of a professional service provider shall be based on a variety of criteria including, but not limited to, demonstrated competence, knowledge, references, and unique qualifications to perform the services, in addition to offering a fair and reasonable price that is consistent with current market conditions. (Administrative Procedure 10-60).

Application of Professional Services exemptions (under IPCCA or LGPSSA) requires analysis of the required services, not just the qualifications of the provider. Whether a company meets the professional services exception must be determined in each case by focusing on the nature and scope of the services required. If the contract calls for professional and significant business judgment and professional skills and expertise that contribute directly to the overall success of the project, it will likely fit the professional services exemption. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3), but not more than five (5), years.



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<b>PROFESSIONAL SERVICES CONTRACTS</b>		Page #:
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**PROCEDURES:**

**1) Identify/Evaluate/Clarify**

- A) The Purchasing Department will not institute any action until it has received a valid requisition. Requisitions will be received and reviewed by the Purchasing Expediter or Buyer.
- B) According to Administrative Procedure 10-60, all professional services will be selected through a competitive proposal process unless the service is a sole source purchase.
  - i. Requester should attach the following, at a minimum, to the requisition for the RFP:
    - a. Description of the requirements, scope of work, or specifications (i.e. goal to be achieved, services to be performed)
    - b. Justification of the need for services
    - c. Qualifications necessary for the firm or individual
    - d. Term of the contract for services
    - e. Estimated schedule
    - f. Evaluation Criteria
    - g. Vendor List
- C) If the requester indicates an exemption is applicable, the following shall be reviewed by the Buyer and the Purchasing Manager:
  - i. If the requester indicates sole source applicability, it will be their responsibility to attach documentation justifying the sole source designation. The Purchasing Manager will determine if justification is adequate based on client requirements and availability in the market.
  - ii. If the requester indicates applicability of an exemption from competitive proposals based on the IPCCCA exemptions, a justification and scope of work must be submitted with the requisition. The Purchasing Manager will determine if justification is adequate based on client requirements and availability in the market.
    - a. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3) to five (5) years.
- D) Administrative Policy 10-95 states that the Board of Trustees will annually approve the Arts Center, Business and Professional Institute, and Conference and Event Services comprehensive budgets, and allows administration to authorize contracts for speakers, productions, training, equipment rental, performers, etc. without additional Board approval.
  - i. A signed contract should be attached to the requisition. Senior Vice President, Administrative Affairs & Treasurer is the only representative authorized to sign contracts on behalf of the College.
- E) Selection of Architects, Engineers, and Land Surveyors must follow the process outlined in the Local Government Professional Services Selection Act. The only exemption included in this Act is when there is an established satisfactory relationship for services with one or more firms; in these cases, a contract should be attached to the requisition.
  - i. Where exemptions are justified for multiple years with the same vendor, the Purchasing Department will encourage the requester to engage in a competitive proposal process every three (3) to five (5) years.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:</b>		Procedure #
<b>PROFESSIONAL SERVICES CONTRACTS</b>		Page #:
Effective Date: 4/21/15	Revision Date:	Revision Date:

**2) Prepare Request for Proposal (RFP) Documents**

- A) Buyer will create a folder on U Drive/Purchasing/Fiscal Year folder (i.e. FY2015) and name folder with Bid Number and Title.
- B) Buyer will obtain RFP number from Purchasing Assistant.
- C) Buyer will be contact for all RFP documents.
- D) Buyer will ensure all language in RFP references RFP respondent (not "bidder", "bid", etc.).
- E) The following language from Section 30-22 Construction of the Illinois Procurement Code will be included in all RFPs for construction contracts: "The respondent and all respondent's subcontractors must participate in applicable apprenticeship and training programs approved by and registered with the United States Department of Labor's Bureau of Apprenticeship and Training.
- F) Per Administrative procedure 10-60, all RFP advertisements, specifications and resulting contracts will include a notice regarding payment of prevailing wages.
- G) If requester does not provide an adequate number (depending on type of service 5-10) of vendor names for solicitation, Buyer will complete a search for additional vendors using internet, current vendor database, and other resources.
- H) At least 2 business days prior to RFP start date, Buyer to create Legal Notice and send to Daily Herald with requested Posting date. Advertisement should be posted at least 10 business days prior to RFP Opening date. Buyer to save confirmation on U drive in RFP Communications folder.
- I) On RFP distribution date, Purchasing Assistant will post the project title, contact information, and due date on the COD Purchasing website.
- J) On RFP distribution date, Purchasing Assistant will email Invitation to Bid to all vendors on Vendor List provided by requester and Buyer.
  - i. Purchasing Assistant will note responses/transmittal error messages on vendor list
  - ii. Purchasing Assistant will attempt other means of contacting vendors when initial attempt fails. If necessary, Purchasing Assistant will contact requester to assist in obtaining corrected vendor information to ensure vendors are contacted

**3) Distribution of RFP Documents**

- A) Bid documents will be sent to all vendors who request them.
- B) New vendors who request documents will be added to the vendor list
  - i. If bid brokers request documents on behalf of vendors, our obligation is only to provide the broker with additional documents such as addendums

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:</b>		Procedure #
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**4) Questions/Clarification**

- A) Pre-bid (if applicable)
  - I. Buyer and requester will attend pre-bid meeting
  - II. Requester will lead meeting
  - III. Buyer will record questions and ensure all vendors sign in (sign-in sheet template available on U drive/Purchasing/Templates folder)
- B) Other questions
  - I. Due date for questions is listed in Bid packet, and is generally 5 business days after legal advertisement initially runs. Once due date has passed, all vendors should be provided with Addendum answering all compiled questions.
    - a. Buyer will compile questions from vendors (from e-mails/phone calls/pre-bid, etc.) and work with requester to answer all of them in the form of an Addendum.
    - b. Buyer will get approval from requester on final draft of Addendum, save Addendum in project folder, and send a copy of final Addendum to Purchasing Assistant to distribute to all vendors on the vendor list.

**5) Opening of RFPs**

- A) Buyer will open all RFPs after date/time noted in the RFP packet has passed. Note: RFPs do not require a public bid opening.
- B) Buyer will review all RFPs to ensure conformance to requirements in Bid packet.
- C) Buyer will scan all responses and save to the project folder on the U drive.
- D) Buyer will e-mail or provide hard copy of all responses to the requester.
- E) Buyer will add minority-owned, women-owned, disadvantages, and local vendor information to the vendor list.

**6) Acceptance**

- A) Requester will review all responses with their selection committee.
- B) All selection committee members will score each response against the evaluation criteria in the RFP. Buyer can assist in creating the scoring matrix if requested.
- C) Response with the highest score will be the vendor proposed to the Board for award. Copy of summary scoring matrix to be provided to Buyer. Buyer will scan and place in the project folder.
- D) Buyer will confirm good standing of accepted vendor via the following websites, and will place screen shot of the Cyberdrive information in the project folder.
  - I. Illinois Secretary of State:  
[http://www.cyberdriveillinois.com/departments/business\\_services/corp.html](http://www.cyberdriveillinois.com/departments/business_services/corp.html)
  - II. Illinois State Debarred Companies List:  
[http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred\\_Companies.aspx](http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred_Companies.aspx)
  - III. Eligibility to bid on Illinois State Contracts:  
<http://data.illinois.gov/dataset/IDHR-Eligible-Public-Contract-Numbers/5vms-ush9>

**COLLEGE OF DUPAGE PURCHASING DEPARTMENT  
OPERATING PROCEDURE FOR:  
PROFESSIONAL SERVICES CONTRACTS**

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- E) Requester to complete a Vendor Intake form and obtain a W-9 from the vendor; both documents to be sent to Purchasing (for new vendors only).
- F) Buyer to create a draft Board Report (template located in U drive/Purchasing/Templates folder).
  - I. Full business name as noted on the Signature Page of response documents, including DBA where applicable, should be used in the Board Report.
  - II. Watermark as "draft" and save as a PDF to send to requester for review and approval.
  - III. Save approval email in Bid communications folder.
  - IV. Buyer to send Word document of approved Board Report to Purchasing Assistant for finalization.
  - V. Purchasing Assistant will add topic to next month's agenda, assign the agenda item number to the Board Report. Spelling, grammar, punctuation, order of topics, and formatting will also be checked/adjusted by Purchasing Assistant.
  - VI. Once approved at BOT meeting, Buyer will notify requester.

**7) Closing of RFP File**

- A) Purchasing Assistant will move the RFP information to the Awarded RFP section of the webpage with the RFP and Board Report attached.
- B) Buyer will obtain signed copy of the contract for submission to Purchasing contract database (ImageNow) from requester.
- C) Buyer will obtain Certificate(s) of Insurance from requester prior to onsite work beginning. Buyer will enter COIs into ImageNow database.
- D) The Purchasing Department will retain original contracts, RFP documents, RFP responses, Certificates of Insurance, Evaluation Matrix, and Board Report.

**END OF DOCUMENT**

**RESPONSE TO RECOMMENDATION  
NUMBER 16**

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  COMPETITIVE BID PROCESS: CONSTRUCTION</b>		Procedure #
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Effective Date: 01/01/2015	Revision Date:	Revision Date:

**PURPOSE:** The Competitive Bid process invites suppliers to submit competitive bids for project work or products. This process encourages competition and provides prospects with fair and honest dealings with suppliers.

**SCOPE:** All construction-related contracts will be in accordance with Board Policy and Administrative Procedures 10-90 Construction Contracts and 10-60 Purchasing, and the Illinois Public Community College Act, paragraph 3-27.1 Contracts. Contracts for building repair, maintenance, remodeling, renovation or construction of a single project involving an expenditure not to exceed \$50,000 and not involving a change or increase in the size, type or extent of an existing facility, will be exempt from formal bidding. Contracts for architectural, engineering and land surveying services in the amount of \$25,000 or greater will be awarded on the basis of demonstrated competence and qualifications in accordance with the Local Government Professional Services Selection Act (50 ILC5 510).

**DEFINITIONS:**

- Construction: Generally refers to new construction; primarily uses the 03 account code.
- Renovation: Primarily an update or change to an existing space; can be either 02 or 03 account code.
- Maintenance: Repair, preventative, or replacement in-kind of existing materials; primarily uses the 02 account code.

Note: Construction, renovation, and maintenance work is covered under Administrative Procedure 10-90. If category of work is in question by the Buyer, and is pertinent to documentation (i.e. Board Report), the Project Manager will make the determination as to which category is applicable.

**PROCEDURES:**

**1) Identify/Evaluate/Clarify**

- A) The Purchasing Department will not institute any action until it has received a valid requisition. Requisitions will be received and reviewed by Buyer.
- B) If total value is expected to be \$50,000 or greater, Buyer will begin Bid Process unless advised by the Project Manager that the contract is exempt from competitive bidding and provides a valid exemption. If project is exempt from bidding, go to 6) Acceptance below.

1.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  COMPETITIVE BID PROCESS: CONSTRUCTION</b>		Procedure #
		Page #: 2 of 6
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**2) Prepare/Review Bid Documents**

- A) Bid packages may be created in either of two ways:
  - I. The Project Manager sends the technical/construction documents to the Buyer, who then adds the front-end contractual documents, or
  - II. The Project Manager obtains the front end documents from the Buyer, and combines them with the technical/construction documents and forwards the package in-total to the Buyer for review.
 Either method is acceptable as long as the Purchasing Department has the opportunity to review final drafts.
- B) Buyer creates a folder on U Drive/Purchasing/Fiscal year folder (i.e. FY2015)/and names folder with Bid Number and Title.
- C) Buyer will obtain Bid Number from Purchasing Assistant.
- D) Buyer and Project Manager will determine contact information.
- E) The following language from Section 30-22 Construction of the Illinois Procurement code will be included in all bids for construction contracts: "The bidder and all bidder's subcontractors must participate in applicable apprenticeship and training programs approved by and registered with the United States Department of Labor's Bureau of Apprenticeship and Training."
- F) Per Administrative Procedure 10-60, all bid advertisements, bid specifications and resulting contracts will include a notice regarding payment of prevailing wages. Project Manager will ensure appropriate language is included in Bid documents; Buyer will ensure language is noted in all legal ads.
- G) At least 2 business days prior to bid start date, Buyer to create Legal Notice and send to Daily Herald with requested Posting date. Advertisement should be posted at least 10 business days prior to Bid Opening date. Buyer to save confirmation on U drive in Bid Communications folder.
- H) On the bid distribution date, Purchasing Assistant will post the project title, contact information, and due date on the COD Purchasing website.

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:</b>		Procedure #
<b>COMPETITIVE BID PROCESS: CONSTRUCTION</b>		Page #: 3 of 6
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**3) Distribution of documents**

- A) At least 2 business days prior to bid start date, Buyer to create Legal Notice and send to Daily Herald with requested Posting date. Advertisement should be posted at least 10 business days prior to Bid Opening date. Buyer to save confirmation on U drive in Bid Communications folder.
- B) On the bid distribution date, Purchasing Assistant will post the project title, contact information, and due date on the COD Purchasing website.
- C) Bid documents can be distributed in one of two ways; the Project Manager will determine best method:
  - I. Purchasing Assistant to distribute bid documents
    - a. Email Invitation to Bid to all vendors on Vendor List provided
    - b. Bid documents will be sent to vendors who request documents
    - c. New vendors who request documents will be added to Vendor List
      - i. If Bid brokers request bid documents on behalf of vendors, our obligation is only to provide the bid broker with additional documents such as addenda
    - d. Purchasing Assistant will note responses/transmittal error messages on Vendor List
    - e. Purchasing Assistant will attempt other means of contacting vendors when initial attempt fails. If necessary, Purchasing Assistant will contact Project Manager to assist in obtaining corrected vendor information to ensure all vendors are contacted. All communications to be saved to Project Folder.
  - II. BHFx (3<sup>rd</sup> party vendor) to distribute bid documents
    - a. Project Manager to coordinate bid distribution via BHFx
    - b. Buyer and Project Manager will work together to ensure appropriate notifications to specific vendors are sent to facilitate effective bid response
    - c. Project Manager will provide the Buyer with a list of bid document requesters received from BHFx; this information is required for Business Enterprise Program compliance.

**4) Questions/Clarification**

- A) Pre-bid (if applicable)
  - I. Buyer and Project Manager will attend pre-bid meeting
  - II. Project Manager will lead meeting
  - III. Buyer records questions and ensures all vendors sign in (sign-in sheet template available on U drive/Purchasing/Templates folder)
- B) Other questions
  - I. Due date for questions is listed in Bid packet, and is generally 5 business days after legal advertisement initially runs. Once due date has passed, all vendors should be provided with Addendum answering all questions.
    - a. Buyer will compile questions from vendors (from e-mails/phone calls/pre-vid, etc.), and work with Project Manager to answer questions in the form of an Addendum.
    - b. Buyer will get approval from Project Manager on final draft of Addendum, save Addendum in project folder, and send a copy of final Addendum to Purchasing Assistant to distribute to all vendors on the vendor list. If BHFx is the document distributor, the Project Manager will provide them with the Addendum for distribution.



**COLLEGE OF DUPAGE PURCHASING DEPARTMENT  
OPERATING PROCEDURE FOR:**

Procedure #

**COMPETITIVE BID PROCESS: CONSTRUCTION**

Page #: 4 of 6

Effective Date: 01/01/15

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**5) Bid Opening**

- A) All Bids must be sealed and deposited in the Bid Box in Purchasing by the date/time listed in the bid packet. Bids that are not deposited into the Bid Box by the time listed on the bid packet will be returned to the vendor unopened.
- B) Project Manager, Buyer, and Purchasing Assistant will attend the Bid opening.
- C) Buyer will open bid box at the time listed on the bid packet and remove all pertinent responses.
- D) Buyer will open each sealed bid and read them aloud.
- E) Purchasing Assistant will record bids on the Bid Tabulation form (located in U drive/Purchasing/Templates folder).
- F) Payment
- G) After the Bid Opening, Buyer will review all bids to ensure conformance to non-technical requirements in Bid packet.
- H) Buyer will scan all responses and bid tabulations and save to project folder on the U drive.
- I) Buyer will e-mail documents to Project Manager.
- J) Buyer will add minority/women-owned/local information to the vendor list.

**6) Acceptance**

- A) Project Manager will complete final review ensuring that lowest bidder met all technical requirements and specifications.
  - I. Buyer to send any questions to vendors if Project Manager needs clarification of any part of bid response.
  - II. Project Manager will e-mail name of selected vendor to Buyer. If selected vendor is not the lowest bidder, Project Manager will provide a justification for the disqualification(s).
  - III. Buyer to save approval email from Project Manager in Bid Communications folder.
- B) Buyer will confirm good standing of accepted vendor via the following websites, and will place screen shot of the Cyberdrive information in the project folder.
  - I. Illinois Secretary of State:  
[http://www.cyberdriveillinois.com/departments/business\\_services/corp.html](http://www.cyberdriveillinois.com/departments/business_services/corp.html)
  - II. Illinois State Debarred Companies List:  
[http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred\\_Companies.aspx](http://www2.illinois.gov/dhr/PublicContracts/Pages/Debarred_Companies.aspx)
  - III. Eligibility to bid on Illinois State Contracts:  
<http://data.illinois.gov/dataset/IDHR-Eligible-Public-Contract-Numbers/6vms-ush9>
- C) Project Manager to complete a Vendor Intake form and obtain a W-9 from the vendor; both documents to be sent to Purchasing (for new vendors only).

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  COMPETITIVE BID PROCESS: CONSTRUCTION</b>		Procedure #
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<p>D) Buyer to create a draft Board Report (template located in U drive/Purchasing/Templates folder).</p> <ol style="list-style-type: none"> <li>I. Full business name as noted on the Signature Page of response documents, including DBA where applicable, should be used in the Board Report.</li> <li>II. Watermark as "draft" and save as a PDF to send to Project Manager for review and approval.</li> <li>III. Save approval email in Bid Communications folder.</li> <li>IV. Buyer to send Word document copy of approved Board Report to Purchasing Assistant for finalization.</li> <li>V. Purchasing Assistant will add topic to next month's agenda, assign the agenda item number to the Board Report. Spelling, grammar, punctuation, order of topics, and formatting will also be checked/adjusted by Purchasing Assistant.</li> <li>VI. Once approved at BOT meeting, Buyer will notify Project Manager.</li> </ol> <p>7) Closing of Bid File</p> <ol style="list-style-type: none"> <li>A) Purchasing Assistant will move the bid information to the Awarded Bids section of the webpage with the Bid and Board Report attached.</li> <li>B) Buyer will obtain signed copy of the contract for submission to Purchasing contract Database (ImageNow) from Project Manager.</li> <li>C) Buyer will obtain Certificate(s) of insurance from Project Manager prior to onsite work beginning. Buyer will enter COIs into ImageNow database.</li> <li>D) Purchasing Assistant will prepare bid checks/bonds for return to vendors not awarded the contract (see COD Purchasing Department Operating procedure – Bid Deposits)</li> <li>E) Purchasing Assistant will add minority-owned, disadvantaged, women-owned, local vendor information from Certifications page of vendor response to vendor listing and save to project folder</li> </ol> <p>8) Bid Document Retention</p> <ol style="list-style-type: none"> <li>A) Administrative Procedure 10-90 states: "The Director of Facilities is responsible for College construction projects including the stewardship of all contractual documents, plans, building permits, etc. All construction-related contracts will be coordinated with the Director of Facilities." Facilities will retain a full project file, including all project related documents, communications, and prevailing wage documents.</li> <li>B) The Purchasing Department will retain: original contracts, original bonds (bid, performance), Certificates of insurance, and Board Reports. Project Managers are responsible for obtaining these documents from the contractor(s) and providing them to the Buyer. Project Managers will also provide Purchasing with a list of subcontractors for each project so they may properly index the subs' COIs to the appropriate contract. Buyer will scan all documents into the Contract database.</li> <li>C) The Project Manager will retain: bid/RFP/quote documents, technical documents, project-specific communications, Waivers of Lien, and prevailing wage documents including wage certifications.</li> <li>D) After scanning the Performance and Payment Bonds, Buyer will give the original document(s) to the Purchasing Manager, who will store in a locked cabinet throughout the project.</li> </ol>		

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE FOR:  COMPETITIVE BID PROCESS: CONSTRUCTION</b>		Procedure #
		Page #: 6 of 6
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**9) Blanket Order Processing/Change Orders**

- A) Project Manager to submit a Blanket Order for designated amount, with appropriate GL codes noted.
- B) Buyer will initiate a spreadsheet to be maintained in the Project Folder to track all modifications to the Blanket Order (see Construction Blanket Order Tracking template in U drive/Purchasing/Template folder).
- C) Administrative Policy 10-90 Indicates: "The Director of Facilities will document, for each change order, certification . . . a summary of all change orders and the certification of each change order will be submitted on a monthly basis for ratification by the Board of Trustees".
  - i. A requisition will be submitted by Project Manager indicating the required dollar amount of the adjustment, the line item allocation of the adjustment, the number of the specific PO to be adjusted, the date of Board approval, and the related change order verbiage from the Board Packet.
  - ii. Changing a Blanket Purchase Order Operating Procedure should be followed. Keep all documentation provided by Project Manager in Project Folder. All Requisitions for increases must be accompanied by a copy of the Board Report reflecting approval of the Change Order; the Board Report page should be maintained in the Project Folder. E-mail requests for decreases should be scanned and maintained in the Project Folder.

**OTHER APPLICABLE DOCUMENTS**

- BOT Policy 10-60 Purchasing
- BOT Policy 10-90 Construction Contracts
- Administrative Procedure 10-60 Purchasing
- Administrative Procedure 10-90 Construction Contracts
- COD Purchasing Department Operating Procedure – Bid Deposits
- Illinois Public Community College Act, paragraph 3-27.1 Contracts
- Local government Professional Services Selection Act (50 ILCS 510)
- Public Construction Bond Act (30 ILCS 550)
- Public Works Contract Change Order Act (50 ILCS 525/5)

END OF DOCUMENT



# COLLEGE OF DUPAGE

BID OPENING

2017-B0001 Addison Learning Center Renovations

Monday, August 1, 2016 at 2:00pm CS

Company	Total BID	Signature PG	Certs	Conflict
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No
		Yes / No	Yes / No	Yes / No

Opened By: \_\_\_\_\_

Recorded By: \_\_\_\_\_



**COLLEGE OF DUPAGE**

Monday, August 08, 2016 at 12:00pm

RFP OPENING

2017-R0002 Natural Gas Supply

Company	Signature PG	Certs	Conflict
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No
	Yes / No	Yes / No	Yes / No

Opened By: \_\_\_\_\_

Recorded By: \_\_\_\_\_



**COLLEGE OF DUPAGE**

Bid Tabulation  
2017-B0002 2016 SiteWork Projects August 24, 2016 11 a.m.

Item	Bidder 1	Bidder 2	Bidder 3	Bidder 4
All Forms Complete?	Y/N	Y/N	Y/N	Y/N
Project 1 - Base Bid				
Project 1 - Add Alternate P1A - Colored Concrete Sidewalk				
Project 1 - Credit Alternate P1B - Delete Construction Fence				
Project 2 - Base Bid				
Project 2 - Add Alternate P2A - Increase Area of Work				
Project 3 - Base Bid				
Project 3 - Alternate P3 - Add work clouded on Drawing				
Project 4 - Base Bid				
Project 5 - Base Bid				
Credit Alternate P5A - Delete Construction Fence				
<b>Combination Alternate: Bidders Grouping 1</b>				
Combination of Projects: (circle all that apply)	1 2			
3 4 5				
<b>Combination Alternate: Bidders Grouping 2</b>				
Combination of Projects: (circle all that apply)	1 2			
3 4 5				
<b>Combination Alternate: Bidders Grouping 3</b>				
Combination of Projects: (circle all that apply)	1 2			
3 4 5				

Opened By: \_\_\_\_\_

Recorded By: \_\_\_\_\_

**RESPONSE TO RECOMMENDATION  
NUMBER 17**

<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
<b>CONTRACT APPROVALS</b>		Page #: 1 of 10
Effective Date: 8.1.15	Revision Date:	Revision Date:

**PURPOSE:** To ensure effectiveness of contract approval, processing, and retention in an effort to minimize the risk to the College.

**SCOPE:** The scope of this procedure encompasses all contracts entered into on behalf of the College of DuPage. For purposes of this procedure, the term contracts includes all agreements, contracts, memoranda of understanding, purchase orders, service agreements, and any other binding documents. The requester is ultimately responsible for any contract initiated. Contracts must be read completely by the requestor to confirm that it includes what has been agreed to before submitting the contract for review and approval; this includes all exhibits, attachments, and addendums.

**CONDITIONS OF USE:** All contracts entered into on behalf of the College of DuPage must be signed by the Senior Vice President, Administration & Treasurer, unless expressly designated to another individual for signature by the Board of Trustees.

**RELATED PROCEDURES:**

Administrative Procedure 15-465 Independent Contractors

**PROCEDURES:**

General Contracts of purchase value less than \$5,000

General Contracts of purchase value of \$5,000 or greater, but less than \$25,000

General Contracts of purchase value of \$25,000 or greater

Construction Contracts of purchase value less than \$50,000

Construction Contracts of purchase value of \$50,000 or greater

Independent Contractor Agreements of purchase value less than \$5,000

Independent Contractor Agreements of purchase value of \$5,000 or greater, but less than \$25,000

Independent Contractor Agreements of purchase value of \$25,000 or greater



<b>COLLEGE OF DUPAGE PURCHASING DEPARTMENT OPERATING PROCEDURE</b>		Procedure #
<b>CONTRACT APPROVALS</b>		Page #: 2 of 10
Effective Date: 8.1.15	Revision Date:	Revision Date:

**General Contracts of purchase value less than \$5,000**

- 1) A contract document with a total value less than \$5,000 shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract submitted for review.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed Cover Sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of competitive cost comparisons (if applicable)
      2. IT Review form for equipment/software purchases
      3. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 3) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original signed contract to the requestor for retention.
- 7) Upon receipt of the contract, the requestor may submit to Accounts Payable for payment per Administrative Procedure 10-65:
  - a. Contracts for Independent Contractors with a value under \$2,500 may be submitted for payment via the Check Request process, with the Independent Contractor Agreement (Under \$5,000) attached.
  - b. Contracts for Independent Contractors with a value over \$2,500 must be submitted for payment via a requisition, with all contract documentation attached.

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**General Contracts of purchase value of \$5,000 or greater, but less than \$25,000**

- 1) A contract document with a total value greater than \$5,000 shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of three verbal quotes is required for any contract with a value between \$5,000 and \$14,999.
      2. Documentation of three written quotes is required for any contract with a value between \$15,000 and \$24,999.
      3. Cooperative/consortium references (if applicable)
      4. Sole Source justification (if applicable)
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 3) Upon approval, the contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.

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**General Contracts of purchase value of \$25,000 or greater**

- 1) A contract document with a total value of \$25,000 or greater shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation in the form of a Board Report and approval (Board meeting minutes) for any items of value over \$25,000.
      2. Cooperative/consortium references.
      3. Sole Source justification.
      4. Exemption from bidding.
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 3) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon receipt of the executed contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.
  - a) If a requisition was previously submitted to initiate the bidding process, a copy of the Contract and all pertinent documents should be submitted to the Purchasing Buyer. The Buyer will attach the documents to the requisition, and update the requisition to reflect final terms.

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**Construction Contracts of purchase value less than \$50,000**

- 1) A contract document with a total value greater than \$5,000 shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of three verbal quotes is required for any contract with a value between \$15,000 and \$24,999.
      2. Documentation of three written quotes is required for any contract with a value between \$25,000 and \$49,999.
      3. Cooperative/consortium references (if applicable)
      4. Sole Source justification (if applicable)
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 8) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 9) Upon approval, the contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 10) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 11) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 12) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 13) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.

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**Construction Contracts of purchase value of \$50,000 or greater**

- 1) A contract document with a total value of \$25,000 or greater shall be submitted by the requestor for the user department to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation in the form of a Board Report and approval (Board meeting minutes) for any items of value over \$50,000.
      2. Cooperative/consortium references (if applicable)
      3. Sole Source justification (if applicable)
      4. Exemption from bidding (if applicable)
      5. IT Review form for equipment/software purchases
      6. Furniture Review form for furniture purchases
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 2) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 3) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon receipt of the executed contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.
  - a. If a requisition was previously submitted to initiate the bidding process, a copy of the Contract and all pertinent documents should be submitted to the Purchasing Buyer. The Buyer will attach the documents to the requisition, and update the requisition to reflect final terms.

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**Independent Contractor Agreements of purchase value less than \$5,000**

- 1) Review Administrative Procedure 15-465 Independent Contractors for information regarding determination of Independent Contractor classification. Seek assistance from HR/Compensation as appropriate.
- 2) Prepare an Independent Contractor Agreement (Under \$5,000), which is available from Accounts Payable.
- 3) The completed Independent Contractor Agreement shall be submitted by the requestor for the user department to the Senior Vice President, Administration & Treasurer for signature. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany any contract document submitted.
  - a. The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of competitive cost comparisons.
      2. Sole Source justification.
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 4) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval.
- 5) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 6) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 7) Upon completion of the contractual services, the requestor may submit to Accounts Payable for payment per Administrative Procedure 10-65:
  - a. Contracts for Independent Contractors with a value under \$2,500 should be submitted for payment via Check Request with an Independent Contractor Agreement (Under \$5,000).
  - b. Contracts for Independent Contractors with a value over \$2,500 must be submitted via a requisition, with all contractual documentation attached.

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**Independent Contractor Agreements of purchase value of \$5,000 or greater, but less than \$25,000**

- 1) Review Administrative Procedure 15-465 Independent Contractors for information regarding determination of Independent Contractor classification. Seek assistance from HR/Compensation as appropriate.
- 2) Prepare an Independent Contractor Agreement (Over \$5,000) using the template available in the Forms Library on the Employee Portal. Obtain the signature of the selected independent contractor.
- 3) The requestor for the user department shall submit the Independent Contractor Agreement (Over \$5,000) to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany the Agreement.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation of three verbal quotes is required for any contract with a value between \$5,000 and \$14,999.
      2. Documentation of three written quotes is required for any contract with a value between \$15,000 and \$24,999
      3. Cooperative/consortium references (if applicable)
      4. Sole Source justification (if applicable)
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 4) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requestor with a letter of explanation describing the additional requirements.
- 5) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 6) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 7) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.
- 8) The office of the Senior Vice President, Administration & Treasurer will send the original of the signed contract to the requestor for retention.
- 9) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.

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**Independent Contractor Agreements of purchase value of \$25,000 and greater**

- 1) Review Administrative Procedure 15-465 Independent Contractors for information regarding determination of Independent Contractor classification. Seek assistance from HR/Compensation as appropriate.
- 2) Prepare an Independent Contractor Agreement (Over \$5,000) using the template available in the Forms Library on the Employee Portal. Obtain the signature of the selected independent contractor.
- 3) The requestor for the user department shall submit the Independent Contractor Agreement (Over \$5,000) to the Purchasing Department to be reviewed for appropriateness. A Contract Approval Cover Sheet, available in the Forms Library on the Employee Portal, must accompany the Agreement.
  - a) The contract document will be returned to the requestor if:
    - i. The contract is submitted without a completed cover sheet, including all required signatures.
    - ii. The contract is submitted without appropriate documentation, including:
      1. Documentation in the form of a Board Report and approval (Board meeting minutes) is required for any items of value over \$25,000.
      2. Bid exemption (if applicable)
      3. Cooperative/consortium references (if applicable)
      4. Sole Source justification (if applicable)
    - iii. The contract is deemed flawed for any reason. A letter of explanation describing the reason for non-approval will be attached to the returned contract.
- 4) The Purchasing Manager will review documents and may submit for approval to the Senior Vice President, Administration & Treasurer with his/her initials and comments noted on the Contract Approval Cover Sheet. If it is determined that additional information or edits are required, the contract will be returned to the requester with a letter of explanation describing the additional requirements.
- 5) The contract will be sent in original form, as received by the Purchasing Department, to the office of the Senior Vice President, Administration & Treasurer for approval and signature execution.
- 6) The Senior Vice President, Administration & Treasurer may approve the contract by executing signature on the contract. If not approved, the contract will be returned to the requestor with a letter of explanation describing the reason for non-approval; a copy of such letter will be sent to the Purchasing Manager.
- 7) The office of the Senior Vice President, Administration & Treasurer will scan (PDF) the signed contract, along with the Contract Approval Cover Sheet and any attached documentation, and forward via e-mail to [purchasingforms@cod.edu](mailto:purchasingforms@cod.edu). Upon receipt, Purchasing staff will enter the document into the Contract Database for retention.



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- 9) Upon receipt of the contract, the requestor will submit a requisition for a Purchase Order (if the contract will be paid on a single invoice) or a Blanket Purchase Order (if the contract will be paid on multiple invoices). All documentation submitted for Contract approval (See section 1a above) should be attached to the requisition.
- a) If a requisition was previously submitted to initiate the bidding process, a copy of the Contract and all pertinent documents should be submitted to the Purchasing Buyer. The Buyer will attach the documents to the requisition, and update the requisition to reflect final terms.

END OF DOCUMENT

