

FOR APPROVAL	
To:	Rachael Nava, Executive Vice President and Chief Operating Officer
From:	Thera Kalmijn, Executive Director UCOP Operations
Subject:	Recommendations to Amend Approval for Contractors and Consultants (AC&C) Process
Date:	February 14, 2023

Overview	
Purpose/Summary	The Business Resource Center, Thera Kalmijn and Cathy O'Sullivan reviewed the existing AC&C process to determine if any updates should be made based on the recent changes to the budget process and financial systems.

Background:	
Origins of the process	In 2014, President Napolitano instituted a process requiring Preapproval for Contractors and Consultants. The pre-approval was obtained through securing signature approvals on the AC&C form. The business reason at the time was to manage both the use of contractors for work that should be done by a UC employee and manage expenses. Since 2014, the process has remained in place with some minor adjustments mostly to approval thresholds.

Recommendations	
Rationale for revisions	As circumstances have evolved, including improved expense management through the budget process and increased review in the new financial systems, we believe there is an opportunity to update the process while keeping it in place in areas that might present a risk to UC. Please see below for detailed recommendations.

Recommended revisions to process:

CHANGE TO PROCESS (no longer require an AC&C for the following categories)	RATIONALE
Software purchases and maintenance	There typically is no contractor specifically named when purchasing software that comes with a required maintenance agreement. Therefore we are not hiring a contractor. Agreements will still run through Local Procurement to ensure policy compliance.
Building Services agreements (excluding services contained in Article 5)	Required services from specialized suppliers (elevator maintenance, for example). Risk is minimal other than specific Article 5 work, which will still require an AC&C. Agreements will still run through Local Procurement to ensure policy compliance.
UC Press contractors and consultants	No budgetary risk as most of UC Press's budget does not come from OP. Risk is minimal other than specific Article 5 work, which will still require an AC&C. Agreements will still run through Local Procurement to ensure policy compliance.
Grant funded Programs	Local procurement creates Purchase Orders (PO) for payment, but does not execute contracts for the grant itself. AC&C process does not add value or alleviate risk.

"No cost extension" or allowed renewals initially written in the agreement	No additional financial liability is being added to the university other than what has initially been approved. We are either extending the period of performance or renewing an agreement that contained renewal options in the original agreement.
Professional Services firms (knowledge workers) when an existing master services agreement (MSA) is being exercised (excluding IT or professional service staffing agreements)	<p>Exercising an existing agreement with Huron, Deloitte etc. These agreements present minimal risk as there is a pre-existing master agreement between UC and the supplier.</p> <p>An AC&C would still be required when a master services agreement is used to bring in external contractors (IT or professional service staff).</p>

Recommended categories to continue to require an AC&C

NO CHANGE TO PROCESS (continue to require an AC&C for the following categories)	RATIONALE
Any service that could be covered by AFSCME- Article 5	Risk of violating Article 5. Create transparency to any possible procurement risk
IT or Professional Service staffing procured using a master service agreement (MSA)	Risk to on boarding re-hire retirees without proper HR review
Creation of contract with an independent contractor or consultant when no existing agreement is in place	Risk to on boarding re-hire retirees without proper HR review

Action Requested: We are submitting this document to amend the existing AC&C process per the above recommendations. Because this is a UCOP process (not a policy) that falls under the EVP/COO purview, we are requesting that Executive Vice President and Chief Operating Officer Rachael Nava review and approve these changes by signing this request.

Consultation: The chart below indicates who was consulted on when preparing the recommendations prior to submission.

Reviewer	Review Completion Date
1. Amy Vrizuella	2-7-23
2. Rick Green	2-7-23
3. Cathy O'Sullivan	4-27-23

Division Leader and/or Department Head Approval

Approval and date:
 5/2/23