



Roland W. Burris

Comptroller
State of Illinois

ACCOUNTING BULLETIN NO. 25

201 State House
Springfield, Illinois 62706
217/782-6000

February 19, 1980

TO: Agency Heads and Chief Fiscal
Officers of All State Agencies

SUBJECT: Seller's Certification Requirements and New Legislation
Concerning Contracts for Consultant Services and Small
Equipment Purchases.

Seller's Certification

A review of vouchers received by the Comptroller indicates that some agencies are not in compliance with Section 11 of the Illinois Purchasing Act (Ill. Rev. Stat. 1977, Ch. 127, Par. 132.11) which requires a seller's certification for certain payments.

Section 11 provides:

"If a purchase, whether an emergency purchase under Section 6 or otherwise, involves an expenditure of \$2,500 or more or if required by rule of the Department of Administrative Services, a seller to the State shall attach a statement to the delivery invoice attesting that the standards set in the contract have been met.

The statement shall be substantially in the following form:

'The seller,, hereby certifies that the goods, merchandise, wares or services supplied in accordance with the attached delivery invoice have met all of the required standards set forth in the purchasing contract.

.....
(Seller)"

EFFECTIVE APRIL 1, 1980, THE SELLER'S CERTIFICATION REQUIREMENT WILL BE STRICTLY ENFORCED BY THIS OFFICE.

A seller's certification will be required for all purchases of goods or services exceeding \$2,500, except as provided in this bulletin. Compliance

may be achieved by having the vendor sign the seller's certification on the C-13 or by attaching a statement signed by the vendor to the delivery invoice. Where an individual purchase exceeds \$2,500, but the billed amount is being paid from more than one appropriation account or the purchase is being billed on various billing invoices, the seller's certification is to be completed on each C-13 making payment for the purchase. However, where the amount of an invoice exceeds \$2,500, but consists of a series of individual purchases under \$2,500, a seller's certification is not required. In this instance the following statement, or words to similar effect, must appear on the voucher:

"No single purchase included in this voucher exceeds \$2,500."

Seller's certifications will NOT be required for payments:

- ...To other state agencies
- ...To agencies of the federal government
- ...To units of local government
- ...For the lease of real or personal property
- ...To utility companies
- ...For postage
- ...From the following line items:
 - .Awards and Grants (4400)
 - .Permanent Improvements (6600)
 - .Highway and Waterway Construction (7700)

Disclosure of Subcontractors

Public Act 81-889, effective January 1, 1980, adds Section 9.04 to the Illinois Purchasing Act.

Section 9.04 provides:

"Any person or business entity who enters into a contract for consultant services with a State agency shall state in the contract whether he will utilize the services of a subcontractor. The contract shall include the names and addresses of all subcontractors and the anticipated amount of money which they will receive pursuant to the contract.

If at any time a contractor for consultant services who had not intended to utilize the services of a subcontractor, decides to utilize a subcontractor, the contractor and the State agency shall file an amendment to the original contract with the Comptroller stating the names and addresses of all subcontractors and the anticipated amount of money which they will receive pursuant to the original contract.

For the purposes of this Section, the term "consultant services" is defined as those services provided under contract to the State by an individual or group of individuals, acting as an independent contractor, qualified by education, experience and technical ability to advise and assist in solving specific management and programmatic problems involving the organization, planning, direction, control and operation of State agencies."

THE COMPTROLLER WILL NOT ACCEPT CONSULTANT SERVICE CONTRACTS NOT IN COMPLIANCE WITH THIS PROVISION WHICH ARE EXECUTED AFTER MARCH 31, 1980.

All agencies should become familiar with the definition of consultant services in this Act and should ensure that contracts for consultant services are in compliance with this section and contain:

....A statement of whether or not the services of a subcontractor will be utilized.

....The names and addresses of all subcontractors and the anticipated amount of money which they will receive pursuant to the contract.

Remember, if a consultant services contractor who had not intended to utilize the services of a subcontractor, decides to use a subcontractor, an amendment to the original contract shall be filed with the Comptroller stating the names and addresses of all subcontractors and the anticipated amount which the subcontractors will receive.

The Office of the Comptroller construes "subcontractor" as pertaining to an individual, corporation or other entity who contracts with the contractor to perform part of the services set forth in the agreement with the state. Employees of the contractor are not subcontractors for the purpose of this provision.

EFFECTIVE APRIL 1, 1980, ALL MISCELLANEOUS OBLIGATION DOCUMENTS (MOD FORMS) SUBMITTED TO THE COMPTROLLER FOR CONSULTANT SERVICES CONTRACTS MUST CONTAIN, IN THE DESCRIPTION BLOCK, A STATEMENT ATTESTING TO THE FACT THAT THE CONTRACT COVERED BY THE MOD IS IN COMPLIANCE WITH SECTION 9.04 OF THE ILLINOIS PURCHASING ACT.

Equipment and Commodities Redefined

Public Act 81-1192, signed into law on November 29, 1979, amended the definition of "equipment" and "commodities" contained in the State Finance Act by providing that purchases of equipment having a unit value of \$50 or less must be charged to "commodities" rather than "equipment". This Act also defined the traditional use of the line item appropriation for "printing".

The text of P.A. 81-1192 with the amendments to the Finance Act underscored is set forth below:

Sec. 15b. The item "commodities" when used in an appropriation Act, means and includes expenditures in connection with current operation and maintenance for the purchase of articles of a consumable nature which show a material change or appreciable depreciation with first usage, repair parts, and including tools and equipment having a unit value not in any instance exceeding \$50 ~~25~~, but does not include expenditures included in "permanent improvements" as defined in Section 21, "operation of automotive equipment" as defined in Section 24.2, and "telecommunications services" as defined in Section 24.3.

Sec. 15c. The item "printing" when used in an appropriation Act means and includes expenditures for contracted services, materials and supplies where the principal function or purpose of the resulting product is the dissemination of printed information. These costs include all types of printing processes such as letterpress, offset and gravure, but not expenditures included in "commodities" as defined in Section 15b and "electronic data processing" as defined in Section 24.1.

Sec. 20. The item "equipment," when used in an appropriation act, shall mean and include expenditures, having a unit value exceeding \$50, for the acquisition, replacement or increase of visible tangible personal property of a non-consumable nature, including livestock.

Because this legislation was not enacted until well into the present fiscal year, the Comptroller will not enforce compliance with its provisions until fiscal year 1981. During the remainder of fiscal year 1980, agencies will have the option of charging purchases of equipment having a unit value not exceeding \$50 to either "commodities" or "equipment". All agencies are encouraged to review their fiscal year 1981 appropriation requests to ensure that P.A. 81-1192 has been taken into consideration.

EFFECTIVE APRIL 1, 1980, ALL FISCAL YEAR 1980 VOUCHERS COVERING PURCHASES OF EQUIPMENT THAT ARE CHARGED TO AN APPROPRIATION FOR COMMODITIES UNDER THIS NEW LEGISLATION MUST CITE THE FOLLOWING NEW DETAIL OBJECT:

1398 - Equipment, not exceeding \$50.

This detail object must also be used in subsequent fiscal years.

Questions concerning the seller's certification requirement and the new definitions of commodities and equipment should be addressed to Barbara Moore or Dave Dankoski, who may be reached at 782-3608. Questions concerning the disclosure of subcontractors should be addressed to Mary Jacobs or Lu Irwin, who may be reached at 782-3686.

Sincerely,



Larry Roth
Director, State Accounting