



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 13

MEETING DATE: March 18, 2020

SUBJECT: CEO Delegated Authority Policy for Expenses

SUBMITTED FOR: ___ Consent X **Deliberation and Action** ___ **Receive and File**

RECOMMENDATION

Staff recommends the Board approve the revised policy for Delegated Authority to the Chief Executive Officer (CEO) for Expenses.

PURPOSE

This item supports the 2019-20 Strategic Management Plan by maintaining transparent communications to stakeholders and demonstrating fiscal responsibility and stewardship.

DISCUSSION

This policy was last presented to the Board in March 2019, which includes the following distinct delegations of authority from the Board to the CEO:

1. Authority for securing the services and service providers that the CEO deems necessary and appropriate to properly process and evaluate disability retirement applications, and to designate an appropriate staff member to review the need for and approve such activities, including the reasonable and necessary payment for such services.
2. Authority to enter into contracts or contract amendments for goods and services that do not obligate SCERS to pay more than \$50,000 per vendor without the Board President's written approval, and up to \$100,000 per vendor with the Board President's written approval. The authorized contract limits are the cumulative maximum contract amounts that can be paid to a vendor in a fiscal year or across multiple fiscal years.
3. Authority to approve payments for recruitment costs for exempt positions that the CEO deems necessary and appropriate not to exceed \$50,000.

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4. Authority to allow, deny, compromise, or settle any claims, litigation, demands, actions, liabilities, losses, damages, injuries, and expenses (including attorneys' fees and defense costs) provided that the amount to be paid:
- does not exceed \$50,000,
 - is with the concurrence of SCERS' General Counsel, and
 - is not subject to the terms of an insurance policy.

Since the policy was last updated, Staff and the Department of Finance have come across certain instances in which the policy can be clarified. The focus of the policy revision includes cosmetic changes so that the policy is clear and easy to follow, and technical changes in order to clarify the Board's intent. The revised policy includes the following updates:

- Clarifies that the CEO's authority includes approval of payments for goods and services as the CEO deems necessary, and is not limited to good and services contracts or contract amendments.
- Clarifies that the CEO's authority to amend existing Board-approved contracts for goods and services up to \$50,000 regardless of the existing Board-approved contract amounts.
- Revises that the authorized limits represent the maximum amounts that can be paid to a vendor in a fiscal year.
- Authorizes the CEO to approve payments and to secure services and service providers up to an amount that the CEO deems necessary and appropriate for the following items:
 - a. Charges from County departments;
 - b. Insurance costs (e.g., fiduciary insurance); and
 - c. Emergency management costs in response to a force majeure event or a government-declared state of emergency impacting SCERS and its employees and members.

ATTACHMENT

- CEO Delegated Authority Policy for Expenses – Revised Without Markups
- CEO Delegated Authority Policy for Expenses – Original With Markups

/S/

Debbie Chan
Senior Accounting Manager

/S/

Eric Stern
Chief Executive Officer



CEO DELEGATED AUTHORITY POLICY FOR EXPENSES

PURPOSE

The purpose of this Policy is to provide for the efficient and effective management of SCERS by delegating authority from the Board to the SCERS Chief Executive Officer (CEO) to approve payments and to settle or otherwise dispose of claims as specified.

POLICY

The Board hereby delegates and/or confirms its delegation of authority to the CEO, on behalf of and in the name of SCERS, to approve payments for such goods and services as the CEO determine to be reasonably necessary as defined below.

A. Delegated Authority up to \$50,000

The CEO may, without prior Board approval, approve transactions and/or enter into goods and services contracts that do not obligate SCERS to pay more than \$50,000 per vendor in a fiscal year. Under this authority, the CEO may (without limitation) approve payments for:

- Goods and services from any vendor as the CEO deems necessary and appropriate, including goods and services for which the County of Sacramento has approved vendors;
- Expenses arising from SCERS-related litigation, including expenses arising from court judgments, settlements, attorney's fees, and litigation costs; and
- Recruitment costs for exempt positions, excluding signing bonuses.

B. Delegated Authority for Contract Amendments

The CEO has the authority to amend existing Board-approved contracts for goods and services that do not obligate SCERS to pay more than \$50,000 per vendor in a fiscal year.

C. Delegated Authority in Excess of \$50,000

With written approval of the Board President (which may include approval by electronic mail or facsimile transmission), the CEO may approve payments and/or enter into goods and services contracts or contract amendments that do not obligate SCERS to pay more than \$100,000 per vendor in a fiscal year.

D. Exception to Delegated Authority

The CEO has the authority to approve payments and secure services and service providers up to an amount that the CEO deems necessary and appropriate for the following items:

- Evaluating disability retirement applications;
- Charges from County departments;
- Insurance costs (e.g., fiduciary insurance); and
- Emergency management costs in response to a force majeure event or a government-declared state of emergency impacting SCERS and its employees and members.

APPLICATION

Any approved expenses and contracts or contract amendments for goods and services entered into pursuant to this policy shall comply with the budget adopted by the Board.

SCERS' General Counsel shall review any contracts or contract amendments entered into pursuant to this delegation of an amount or complexity, as determined by the CEO or his or her designee, to warrant such review, and any claims settled pursuant to this delegation.

The CEO shall provide a quarterly report to the Board of any approved expenses and contracts or contract amendments entered into pursuant to Sections A through C of this policy for an amount greater than \$5,000.

BACKGROUND

The CEO has been appointed by the Board in accordance with Government Code Sections 31522.1 and 31522.2 and is responsible for the management of SCERS including the retirement fund, operating budget, appointment and management of personnel, and the other day-to-day activities of the retirement system.

The CEO serves as Secretary of the Retirement Board in its management of the retirement system. Pursuant to Government Code Sections 31522.2 and 31590, the CEO has authority on behalf of the Board: to sign or authorize all warrants, checks, and electronic fund transfers drawn on the retirement fund, and to sign all documents, including contracts, necessary to carry out any decision, including investment decisions, made or approved by the Board; to negotiate and sign contracts with vendors, consultants, and payees of the system as required by contract or applicable law; and any other decision made or approved by the CEO pursuant to a delegation of authority granted by the Board to the CEO for such decisions.

RESPONSIBILITIES

Executive Owner: Chief Executive Officer

POLICY HISTORY

Date	Description
03-18-2020	Staff to recommend Board approve the revised CEO Delegated Authority Policy for Expenses
03-20-2019	Board approved the revised CEO Delegated Authority Policy for Expenses
04-18-2018	Board combined and amended all three delegations in revised policy format
04-17-2013	Board approved Delegation of Claims Settlement Authority in Resolution 2013-06
07-15-2010	Amended Delegation of Contract Authority in Resolution 2010-12
10-21-2004	Board approved Delegation of Contract Authority for Services for Disability Retirement Application Processing and Evaluation in Resolution 2004-06
06-21-2001	Board approved Delegation of Contract Authority in Resolution 2001-02



CEO DELEGATED AUTHORITY POLICY FOR EXPENSES

PURPOSE

The purpose of this Policy is to provide for the efficient and effective management of SCERS by delegating authority from the Board to the SCERS Chief Executive Officer (CEO) to approve payments and to settle or otherwise dispose of claims as specified.

POLICY

The Board hereby delegates and/or confirms its delegation of authority to the CEO, on behalf of and in the name of SCERS, to approve payments for such goods and services as the CEO determine to be reasonably necessary as defined below.

A. Delegated Authority up to \$50,000

The CEO may, without prior Board approval, approve transactions and/or enter into goods and services contracts that do not obligate SCERS to pay more than \$50,000 per vendor in a fiscal year. Under this authority, the CEO may (without limitation) approve payments for:

- Goods and services from any vendor as the CEO deems necessary and appropriate, including goods and services for which the County of Sacramento has approved vendors;
- Expenses arising from SCERS-related litigation, including expenses arising from court judgments, settlements, attorney's fees, and litigation costs; and
- Recruitment costs for exempt positions, excluding signing bonuses.

B. Delegated Authority for Contract Amendments

The CEO has the authority to amend existing Board-approved contracts for goods and services that do not obligate SCERS to pay more than \$50,000 per vendor in a fiscal year.

C. Delegated Authority in Excess of \$50,000

With written approval of the Board President (which may include approval by electronic mail or facsimile transmission), the CEO may approve payments and/or enter into goods or services contracts or contract amendments that do not obligate SCERS to pay more than \$100,000 per vendor in a fiscal year. ~~The Board hereby delegates and/or confirms its delegation of authority to the CEO as follows:~~

A. ~~Payment Authority~~

The CEO is authorized, on behalf of and in the name of SCERS, to approve payments for
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such goods and services as the CEO shall determine to be reasonably necessary for:

~~1. Securing the services and service providers up to an amount that the CEO deems necessary and appropriate to properly process and evaluate disability retirement applications, and to designate an appropriate staff member to review the need for and approve such activities, including the reasonable and necessary payment for such services.~~

~~2. The administration of SCERS consistent with the budget adopted by the Board and as otherwise limited by this Policy, as follows:~~

~~a. Without written approval of the Board President, the CEO may enter into contracts or contract amendments for goods and services that do not obligate SCERS to pay more than \$50,000 per vendor.~~

~~b. With written approval of the Board President (which may include approval by electronic mail or facsimile transmission), the CEO may enter into contracts or contract amendments for goods and services that do not obligate SCERS to pay more than \$100,000 per vendor. The Board hereby authorizes the Board President to grant or deny such written approval in his or her sole discretion as the most senior officer of the Board duly elected by the members of the Board.~~

~~c. The authorized contract limits as prescribed in this Section are the cumulative maximum contract amounts that can be paid to a vendor in a fiscal year or across multiple fiscal years.~~

~~3. Recruitment costs for exempt positions, excluding signing bonuses, that the CEO deems necessary and appropriate, as limited in Section A.2.~~

D. Exception to Delegated Authority

~~The CEO has the authority to approve payments and secure services and service providers up to an amount that the CEO deems necessary and appropriate for the following items:~~

- ~~• Evaluating disability retirement applications;~~
- ~~• Charges from County departments;~~
- ~~• Insurance costs (e.g., fiduciary insurance); and~~
- ~~• Emergency management costs in response to a force majeure event or a government-declared state of emergency impacting SCERS and its employees and members.~~
- ~~• This policy authorizes the CEO to enter into contracts or contract amendments with any vendors for goods and services that the CEO deems necessary and appropriate, including goods and services for which the County of Sacramento has approved vendor contracts.~~

B. Litigation Authority

~~The Board hereby delegates to the CEO authority, on behalf of and in the name of SCERS, to allow, deny, compromise, or settle any claims, litigation, demands, actions, liabilities, losses, damages, injuries, and expenses (including attorneys' fees and defense costs) in any matter involving the SCERS Board of Retirement or its officers and/or members, or SCERS employees, provided that:~~

~~1. The amount to be paid pursuant to such claim, allowance, compromise, or settlement does not exceed \$50,000. If the amount to be paid exceeds \$50,000, the allowance, compromise, or settlement must be approved by the Board of Retirement.~~

~~2. The claim, allowance, compromise or settlement is with the concurrence of the General Counsel; and,~~

~~3. The claim, allowance, compromise or settlement is not subject to the terms of an insurance policy wherein the insurer is granted the authority to allow, deny, compromise, or settle claims or actions within the scope of such policy.~~

APPLICATION

Any approved expenses and contracts or contract amendments for goods and services entered into pursuant to Section A.2 of this delegation~~this policy~~ shall comply with the budget adopted by the Board.

SCERS' General Counsel shall review any contracts or contract amendments entered into pursuant to this delegation of an amount or complexity, as determined by the CEO or his or her designee, to warrant such review, and any claims settled pursuant to this delegation.

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The CEO shall provide a quarterly report to the Board of any approved expenses and contracts or contract amendments entered into pursuant to Section A through C-2 of this policy for an amount greater than \$5,000, and any payments pursuant to Section B of this policy.

BACKGROUND

The CEO has been appointed by the Board in accordance with Government Code Sections 31522.1 and 31522.2 and is responsible for the management of SCERS including the retirement fund, operating budget, appointment and management of personnel, and the other day-to-day activities of the retirement system.

The CEO serves as Secretary of the Retirement Board in its management of the retirement system. Pursuant to Government Code Sections 31522.2 and 31590, the CEO has authority on behalf of the Board: to sign or authorize all warrants, checks, and electronic fund transfers drawn on the retirement fund, and to sign all documents, including contracts, necessary to carry out any decision, including investment decisions, made or approved by the Board; to negotiate and sign contracts with vendors, consultants, and payees of the system as required by contract or applicable law; and any other decision made or approved by the CEO pursuant to a delegation of authority granted by the Board to the CEO for such decisions.

RESPONSIBILITIES

Executive Owner: Chief Executive Officer

POLICY HISTORY

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