OP 72.02: Contracting Procedures

DATE: April 29, 2013

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to outline the policy/procedures to be followed in the development, negotiation, and approval of all contracts and agreements, except for research and sponsored projects, for any purpose and for any amount between Texas Tech University and other parties.

REVIEW: This OP will be reviewed in June of odd-numbered years by the managing director of Procurement Services with substantive revisions forwarded to the vice president for administration & finance and chief financial officer (VPAF&CFO).

POLICY/PROCEDURE

1. Approval and Execution of Contracts

   No person has the authority to commit Texas Tech University (TTU) or the Texas Tech University System (TTUS) for any purpose (i.e., enter into contracts) except as authorized in Section 07.12, Regents’ Rules, and OP 10.02, Delegation of Authority by the President.

   This policy shall apply to all contracts for the initial periods, amendments, or extensions thereto.

2. Definition of Contracts

   Contracts include, but are not limited to letter agreements, co-operative agreements, memorandums of understanding, inter-agency contracts, grants, loans, easements, licenses, leases, permits, and restrictions on acceptances of gifts and bequests. Other parties include, but are not limited to federal, state, and local agencies, nonprofit organizations, private businesses, corporations, partnerships, and individuals.

   This contracting policy does not apply to purchasing documents, which shall be processed in accordance with state law and purchasing regulations and OP 72.09. State law delegates certain purchasing authority to the respective purchasing agents at the various state agencies in Texas. The purchasing agents are charged with ensuring that these purchases are processed in accordance with state procurement requirements, sole source purchasing restrictions, and statewide or consortium purchasing contracts for certain commodities.

3. Procurement Services Office Responsibilities

   The responsibilities of the Procurement Services Office include:
a. Ensuring that the contract is reviewed and signed by the appropriate personnel, except for research contracts routed through the Office of Research Services or construction and professional services contracts routed through Facilities Planning and Construction;

b. Serving as the repository for all TTU and TTUS contracts, except for research contracts routed through the Office of Research Services or construction and professional services contracts routed through Facilities Planning and Construction;

c. Verifying that bonds and insurance are provided as required by the contract or university policy;

d. Verifying that contracts are in compliance with Texas state and federal laws;

e. Ensuring that departments encumber the funding for expense contracts;

f. Assisting departments with ensuring that each contract is performed in accordance with the terms and conditions of the contract;

g. Notifying departments when contracts are expiring or requiring a renewal; and

h. Closing out contracts upon completion.

3. **Guidelines for Processing Contracts**

   a. **General Guidelines**

      Written contracts shall be executed whenever the university enters into a binding agreement with another party that involves any material consideration. The VPAF&CFO or a designee may waive the requirement for a written contract if the material consideration is $50,000 or less. The university may enter into contracts with a value less than $50,000.

   b. **Procurement Guidelines**

      The department requesting to enter into a contract shall first determine if procurement is required. Operating Policy 72.09 details the bidding/request for proposal thresholds.

      Upon completion of the procurement process, or if procurement is not required but the department needs an agreement signed by the university, the department must coordinate with the Procurement Services office on drafting a contract or revising a vendor’s contract to be compliant with university policies and state of Texas laws.

      Once a satisfactory draft contract is developed, the department shall submit a signed routing sheet to the Procurement Services office demonstrating it has adequate funding and departmental approval.

      Procurement Services shall then send the routing sheet and two original copies of the contract for signature by the delegated university official and the vendor.

      Procurement Services will distribute a signed copy of the contract to the department upon completion of the routing process.
4. **Contract Renewals**

The Procurement Services office is the office of record for all TTU and TTUS contracts, except for contracts routed through the Office of Research Services or construction and professional services contracts routed through Facilities Planning and Construction. This responsibility requires that the managing director of Procurement Services maintain files of all contracts that fall under the purview of Procurement Services. The managing director will maintain schedules that include the name of the contract, the vendor, the expiration date of the contract, the contract amount, and the date to begin any renewal of the contract.

5. **Inquiries**

Any questions concerning this OP should be directed to the managing director of Procurement Services, Drane Hall, Room 347, 742-3841.

Attachment: *TTU Contract Routing Sheet*