OP 72.18: Lease-Purchase of Equipment and other Commodities

DATE: April 30, 2016

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish the procedures to be followed when lease-purchasing equipment and other commodities.

REVIEW: This OP will be reviewed in January of even-numbered years by the managing director of Procurement Services with substantive revisions forwarded through the TTU vice president for administration & finance and chief financial officer to the TTUS senior vice chancellor and chief financial officer (SVC/CFO).

POLICY/PROCEDURE

1. Policy

This policy will apply when lease-purchasing all types of equipment and commodities regardless of the source of funds.

2. Definitions

A "proposed lease-purchase arrangement" for purposes of this OP shall mean a proposed arrangement whereby the requisitioning department intends to obtain title to equipment, whether by installment purchase or by lease with option to purchase and where the pay-off period extends beyond an existing appropriation period, such as extending beyond a fiscal year.

This policy does not apply to traditional full purchase of equipment or commodities or to a traditional lease of equipment.

3. Procedure

a. All requisitions for lease-purchase must be submitted to Procurement Services on a TechBuy non-catalog form.

b. Written justification for the lease-purchase must be attached to the TechBuy requisition and shall include:

A statement with supporting dollar values of why the proposed lease-purchase is cost effective when compared to an outright purchase. The supporting dollar value documentation must include details pertaining to any actual or imputed interest, carrying charges, or other additional costs that will be added to the purchase price over the life of the proposed contract.

c. The lease-purchase will then be referred to the TTUS SVC/CFO to determine if the Texas
Tech University System may provide internal financing with better terms through the Revenue Finance System (see Section 07.05.4, Regents’ Rules, Equipment financing). The TTUS SVC/CFO will either approve the lease-purchase as submitted or refer the lease-purchase for a conversion to a purchase to be financed through the Revenue Financing System.

d. All lease-purchases must be approved in writing by the SVC/CFO.