Purchasing Accountability and Risk Analysis Procedure

Texas Tech University ("TTU") shall establish a procedure to identify each contract that requires enhanced contract or performance monitoring and submit information on the contract to the TTU System Board of Regents ("BOR"). TTU's Chief Procurement Officer or their designee shall immediately notify the BOR, as appropriate, of any serious issue or risk that is identified with respect to a contract monitored under this subsection.
[Tex. Gov. Code Sec. 2261.253 (c)]

Per Texas Government Code 2261.253(d), this procedure does not apply to a memorandum of understanding, interagency contract, interlocal agreement, or contract for which there is no cost.
[Tex. Gov. Code Sec. 2261.253 (d)]

TTU System Guidelines

I. Generally, contracts over $1 million per annum require enhanced contract or performance monitoring during contract formation, throughout the term of the contract, and for a reasonable period after contract close-out.

II. TTU's Office of Procurement Services shall establish criteria to identify which contracts require additional monitoring efforts, and shall develop contract monitoring procedures. All contracts that require enhanced contract monitoring shall be reported to the BOR in compliance with Texas Government Code §§ 2261.254 and 2261.255.

Generally, acquisitions and contracts are governed by the following:

TTU Operating Policy and Procedure – 72.09 Purchase of Goods or Services

TTU Operating Policy and Procedure - 72.02 Contract Management Procedures

TTU Operating Policy and Procedure - 72.04 Contract Administration

TTU System *Regents' Rules* Chapter 07

TTU System Regulation 7.03 Contracting

DEFINITIONS

Contract Administrator: The Contract Administrator (CA) is the department level individual responsible for adherence to all provisions contained within a contract and for managing the performance of a contract. The CA is a customer of the procurement process and is typically a stakeholder within the department responsible for ensuring the contracted Goods or Services comply with the contract and/or Purchase Order. The CA will be responsible for the proper implementation of all contract specifications and contract requirements. Ideally, the CA will be named prior to the beginning of the procurement process and be involved in defining the scope of work.

Contract Manager: A person employed by the TTU System or a component institution who has significant Contract Management duties. This person is the Office of Procurement Services representative. The Contract Manager is charged with reviewing procurement transactions and contracts for compliance with statutes and institutional operating policies and BOR Rules.

POLICY:

(a) TTU shall develop and comply with a purchasing accountability and risk analysis procedure. These procedures must provide for:

(**Objective 1**) assessing the risk of fraud, abuse, or waste in the contractor selection process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which TTU contracts;

(**Objective 2**) identifying contracts that require enhanced contract monitoring or the immediate attention of contract management staff; and

(**Objective 3**) establishing clear levels of purchasing accountability and staff responsibilities related to purchasing. **[Tex. Gov. Code Sec. 2261.256 (a)]**

(b) each state agency shall publish a contract management handbook that establishes consistent contracting policies and practices to be followed by the agency and that is consistent with the comptroller's contract management guide." **[Tex. Gov. Code Sec. 2261.256 (b)]**

I. The TTU System *Contract Management Handbook* shall be posted on TTU's website.

OBJECTIVE 1

Contractor Selection Process:

TTU has developed a process to assess the risk of fraud, abuse, or waste when selecting a contractor to provide goods or services. The processes shall include at a minimum:

1. Dollar thresholds for procurements that require a competitive selection process (detailed in OP 72.09);
2. If a purchasing cooperative contact is used, a vetting analysis of the contractor is conducted when expenditures with that vendor are anticipated to exceed $100,000 per annum;
3. Solicitation Team Guidelines that detail proper processes and authority for TTU staff participating in the evaluation of a contractor for contract award;
4. Ethics Policies which detail responsibilities of TTU staff participating in any process for the acquisitions of goods and services; and
5. An optional vendor performance monitoring system which allows departments to provide positive and negative feedback that may be used in the evaluation of a contractor for a future contract award.

Contractor Selection Process:

1. Establishment of templates to standardize contract and amendment language and defined requirements for use of those templates;
2. Use of standardized contract language to the extent possible;
3. Dollar thresholds for contracts and purchase orders that require additional administrative review (Office of General Counsel review is detailed in the TTU System Contracting Regulation, purchase order reviews are established by workflows in TechBuy); and
4. Use of outlined provisions contained in the TTU System *Contract Management Handbook*.

Payment and Reimbursement Rates:

1. The department CA or their designee is responsible for verifying each requisition has an acceptable business purpose that benefits TTU and the appropriateness of the payment and reimbursement rates and methods.
2. TTU shall seek to process payments in the most efficient and lowest cost method available. The TTU Payment Strategies team shall establish controls in TechBuy to monitor matching compliance with the purchase order and receipts created by the CA or their designee.

OBJECTIVE 2

Identifying Contracts that Require Enhanced Contract Monitoring or the Immediate Attention of Contract Management Staff:

1. Generally, contracts over $1 million per annum require some level of enhanced contract or performance monitoring during contract formation, throughout the term of the contract, and during contract closeout.
2. TTU's Office of Procurement Services shall establish criteria by which contracts require additional monitoring efforts. All contracts that require Enhanced Contract Monitoring ("ECM") shall be reported to the BOR in compliance with Texas Government Codes §§ 2261.254 and 2261.255.
3. ECM may be as simple as executing a formal contract, reviewing invoices, and complying with statutory requirements as detailed in the Contract Management Handbook. The Chief Procurement Officer, the Assistant Managing Director of Strategic Acquisition and Contract Management, or the Section Managers of Strategic Acquisition and Contract Management may all make the determination of when additional monitoring shall be warranted. The determination shall be retained on file in the contract management file in TechBuy.

OBJECTIVE 3

Establishing Clear Levels of Purchasing Accountability and Staff Responsibilities Related to Purchasing:

1. Officers and employees shall not make unauthorized commitments or promises of any kind purporting to bind the TTU System or any of its components.

2. The Chief Procurement Officer is delegated the authority to issue purchase orders and is therefore responsible for establishing procedures that comply with the requirements set forth in policy and statute. The Chief Procurement Officer may further delegate their authority.

3. TTU departments have the delegated authority to obtain bids or quotes for requisitions that will not exceed the formal procurement threshold that is established by TTU in OP 72.09 and are therefore responsible for ensuring compliance with all ethical standards and procedural processes outlined in the Operating Policies and Procedures.