



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

## Operating Policy and Procedure

**HSCEP OP:** 54.02, **Contracting Procedures**

**PURPOSE:** The purpose of this Texas Tech University Health Sciences Center El Paso Operating Policy and Procedure (HSCEP OP) is to outline the 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 Health Sciences Center El Paso (TTUHSC El Paso) and other parties.

**REVIEW:** This HSCEP OP will be reviewed on June 15th of each odd-numbered year (ONY) by the Managing Director of Contracting, with recommendations for revisions submitted to the Chief Operating Officer (COO), or designee or designee by July 1.

### **POLICY/PROCEDURE:**

#### **1. Approval and Execution of Contracts.**

No person has the authority to commit TTUHSC El Paso for any purpose (e.g., enter into agreements) except as authorized in the *Regents' Rules*, Section 07.12, and HSCEP OP 10.11, "Delegation of Authority by the President."

A brief summary of the proper procedures to follow to enter into an agreement with a third party can be obtained from the Contracting website or by contacting Contracting Office personnel. The Contracting Office is the office of record for all TTUHSC El Paso contracts. The original contract will be maintained in that office except those for research, construction, and other sponsored projects executed by TTUHSC El Paso.

#### **2. Management of Contracts.**

Each contract must have a contract manager to oversee all aspects of the contracting process and to ensure that the parties meet their contractual responsibilities. The contract manager would normally be the department administrator or an employee with job skills similar to that of a department administrator. Effective contract management practices by the contract manager help ensure that TTUHSC El Paso receives full value for each dollar spent and collects all funds to which it is entitled to under the contract. The contract manager will have responsibilities as follows:

- a. Negotiate and draft the initial contract.
- b. Develop the contract as outlined in paragraph three below, and include contract provisions that hold all parties accountable for performance results and outcomes.
- c. Manage the contract to insure that TTUHSC El Paso receives the agreed consideration provided for in the terms of an income contract, or receives the goods and services at the cost provided for in an expense contract.
- d. Monitor the contract to initiate timely amendments, renewals, and termination notices as may be required.
- e. Address all issues concerning the contract that may arise during the term of the agreement, including monitoring and enforcement of contract terms.

- f. Monitor the income or expense amounts to ensure compliance with Section 07.12 of *Regents' Rules* as it relates to contracts that require approval of the Board of Regents.

### 3. Development of Contract.

- a. The TTUHSC El Paso department, office, or function desiring to contract with an outside party shall develop the initial contract, address possible fiscal implications, and consider any other matters which may be significant. All aspects of the contract will be the responsibility of the Contract Manager that is fully described in paragraph two above. The Contracting Office is available to assist in contract negotiations or questions upon request of the TTUHSC El Paso department. This procedure should begin well in advance of the effective date in order to process the contracts in a timely fashion. The responsibility for drafting the written contract will be with the agency or the contract manager requesting the service. See the Contracting Manual at the Contracting website for prototype contracts and drafting assistance. All contract managers should be familiar with the Contracting Office website and tools available to assist in drafting and monitoring contracts.
- b. The Contracting Office will then review the contract in accordance with institutional policy, determine potential legal and/or fiscal problems, and determine the proper signatory authority in accordance with *Regents' Rules*, Section 07.12.
- c. Once the contract has been developed, the Contracting Office will then obtain necessary departmental approvals via an ELECTRONIC CONTRACT ROUTING SHEET. Expense contracts are subject to additional procedures as shown below in Item 4.
- d. The Contracting Office will process **all** contracts to obtain final approval and signatures as required in *Regents' Rules*, Section 07.12. Contract managers **are cautioned that no commitments or other action should be taken on the contract until final execution by the authorized officers or approval by the Board of Regents has been obtained.**

### 4. Expense Contracts.

- a. When the contract is fully executed, the Contract Manager will submit a TechBuy Requisition. Although certain areas of the Req are not applicable to a contract, such as the shipping terms, these areas must be completed. It will not matter how these non-applicable items are completed.
- b. In the "Purchasing Category" section of the TechBuy Req, it is requested that "Other" be selected for all Reqs submitted to process contracts handled by the Contracting Office.
- c. The quantity and unit must be applied as most appropriately applies to the terms of the contract. The dollar value of the Req should be provided as the best estimate of the current fiscal year anticipated expense.
- d. The Req will not be processed to a Purchase Order until all of the required signatures have been obtained and the contract is fully executed. All tracking and electronic notifications will be processed in the same manner as those Reqs processed by Purchasing.
- e. The contract number assigned in the Contracting database will not be the same number provided in the PO number field by Contracting.

- f. A department does not have the authority to obligate the institution. Therefore, services are not to begin without a properly and fully executed contract (i.e, a contract that has been (1) submitted via the appropriate TTUHSC El Paso OP review and approval process, and (2) signed by the authorized signatories of each party to the contract). Contract Managers must submit the contract allowing enough lead time for the contracting process prior to the date services are needed. No invoice will be paid until the contract has been fully executed.

**5. Renewal Contracts.**

- a. The contract manager is responsible for maintaining a schedule of contract expiration dates and for beginning negotiations well in advance of the expiration date when it is necessary to renew an expiring contract.
- b. After renegotiations are complete, the approval process as outlined in paragraph three should be followed. Expense contracts are subject to additional procedures as shown below in Item 6.

**6. Expense Contract Renewal.**

- a. Each expense contract renewal or expense contracts that automatically renew require the submission of a new Req to appropriately encumber for each fiscal year. Therefore, each Contract Manager will need to review their open expense contracts and submit a Req for the next fiscal year stating the amount of funds that are appropriate for that contract for the fiscal year. The Purchasing Office should have these fiscal year encumbrance Reqs received for your contract(s) at least 45 days prior to the beginning of the new fiscal year.
- b. The following specific information is needed within the Req form when submitting “encumbrance only” orders for contracts:
  - i. Select Edit to the Billing Options and change the date to the current date for current FY orders, or change the date to 09/01/XXXX, where XXXX is the start date for the next FY.
  - ii. Provide the specific compensation factors of your contract in the general item information section of the TechBuy order form. Consider all amendments when applying this information. The Contracting Office will verify the accuracy of this information when reviewing the Req.
  - iii. The quantity and unit must be applied as most appropriately applies to the terms of the contract. The dollar value of the Req should be provided as the best estimate of the current fiscal year anticipated expense. If it is felt that encumbrance for the entire year isn't possible, a dollar amount should be provided that will take the contract as far out as possible before a manual encumbrance modification is required.
  - iv. Provide the 5-digit numeric contract number in the “Prior Year:” field in the “Contract” box.
  - v. Attach an electronic Word document of the contract if available.
- c. When reviewing contracts for the purpose of submitting Reqs, be sure to note the contract start and end dates, rates, renewal clauses, etc. If anything requires amending, please contact the Contracting Office.
- d. If contracts are expired or if funds have not been encumbered for the new fiscal year, payment of invoices will be delayed until the problems are rectified.

**7. Distribution of Signed Agreements.**

- a. It is the responsibility of the Contracting Office to provide the agency, department, accounting services, etc. with copies of the agreement for documentation and billing purposes.
- b. The contracting department may request to take the distribution responsibility upon themselves for designated contracts.