



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 54.04, **Professional Services - Contracting**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish policies and procedures for using the services of professional personnel to carry out the programs of TTUHSC.

REVIEW: This HSC OP will be reviewed on June 15 of each odd-numbered year (ONY) by the Director of Purchasing, the Director of Contracting, and the Associate Vice President for Business Affairs, with recommendations for revisions forwarded to the Executive Vice President for Finance and Administration by July 1.

POLICY/PROCEDURE:

1. Policy.

a. The services of professional personnel may be acquired when there is a need for such services which cannot be performed by TTUHSC personnel. When these personnel are used, they will be selected on the basis of demonstrated competence and qualifications at a fair and reasonable cost that does not exceed any maximum allowances authorized by TTUHSC regulations or state law.

b. The provisions of this HSC OP apply to professional services as defined in the Texas Government Code, Chapter 2254, Subchapter A, Section 2254.002. These include services: Within the scope of the practice of a person who is licensed or registered in the practice of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising or professional nursing.

Professional services for accounting, medicine, optometry, and professional nursing are processed as an expense contract in accordance with HSC OPs 54.02 and 54.04.

c. This policy is not applicable to the use of private consultants which is covered in HSC OP 50.27, "Use of Private Consultants". It is also not applicable to the services of any person who, during the past twelve months, has been an employee of TTUHSC. Any payment to such a person must be made through the Payroll Office.

2. Administrative Procedures.

a. The administrator responsible for an activity may arrange directly with professional personnel for their services listed in Section 1.c. above, on a purchase order (no contract is required) when the services are not to exceed \$10,000 per year. A statement must be typed in the body of the order that states "services by this provider will not exceed \$10,000 this fiscal year and there is no contract pending."

b. A formal agreement is required when the amount to be paid is in excess of \$10,000 per year for professional services as defined in Section 1.b. above. This agreement will be prepared by the requesting department and forwarded to the Contracting Office. A sample of the format to be used for PROFESSIONAL SERVICES CONTRACTS is included in the Contracting Manual and on the Contract website.

3. **Financial Procedures – No Contract Required.**

- a. Payments for services that do not require an agreement or contract, and those that require a contract, will be made by submitting a TechBuy Requisition to the Purchasing Office. If advance payments are requested, this should be noted in the appropriate block on the TechBuy Req. The TechBuy Req may be accessed at <http://techbuy.ttu.edu> .

In order to comply with IRS and state requirements, all TechBuy Req's submitted must include the following information, regardless of the source of funds used:

- (1) The payee's full name and current address (do not show a TTUHSC address as the current address);
 - (2) A completed Form W-9, Request for Taxpayer Identification Number and Certification, should accompany the EPO; and
 - (3) Approval by the account manager of the account on which the service is paid.
- b. Payments to providers must not be split to avoid the \$10,000 limit. When payments to medical service providers equal or exceed \$10,000 for the fiscal year, the Purchasing Office will notify the department that a Professional Services Contract must be executed before further payments can be processed to the provider.
 - c. In unusual circumstances, the Executive Vice President for Finance and Administration, or a designee, may approve payment of invoices for which the contract has not yet been fully executed in order to provide that vital functions of TTUHSC are not interrupted. This is only in unusual circumstances and should not be expected by the department on routine items.

4. **Financial Procedures - Contract Required**

- a. When the Contract Manager is ready to submit a contract, a TechBuy Req must be completed. 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. A completed Form W-9, Request for Taxpayer Identification Number and Certification, should accompany the TechBuy Req.
- c. In the "Purchasing Category" section of the TechBuy Req, it is requested that "Other" be selected for all TechBuy Req's submitted to process contracts handled by the Contracting Office.
- d. An electronic copy of the contract should be attached and submitted with the TechBuy Req.
- e. The quantity and unit must be applied as most appropriately applies to the terms of the contract. The dollar value of the TechBuy Req should be provided as the best estimate of the current fiscal year anticipated expense.
- f. The routing sheet must be mailed to Contracting. The routing sheet must reference the TechBuy Req transaction number so that it can be matched to the correct TechBuy Req. The routing sheet must express an annual dollar value that is the best estimate of a full fiscal year anticipated expense.
- g. The TechBuy Req will not be numbered and processed until all of the required signatures have been obtained and the contract is distributed. All tracking and electronic

notifications will be processed in the same manner as those TechBuy Req's processed by Purchasing.

- h. The contract number assigned in the Contracting database will be the same number provided by Contracting. The contract number will be provided to the Contract Manager when the routing process begins so that contract tracking will continue to be available in the Contracting database.
- i. 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 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. Financial Procedures for Contract Renewals

- a. Each expense contract renewal or expense contracts that automatically renew require the submission of a new TechBuy Req to appropriately encumber for each fiscal year. Therefore, each Contract Manager will need to review their open expense contracts and submit a TechBuy Req for the next fiscal year stating the amount of funds that is appropriate for that contract for the fiscal year. The Purchasing Office should have these fiscal year encumbrance TechBuy 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 TechBuy Req when submitting "encumbrance only" orders for contracts:
 - i. If the contract will be for a fixed amount each month, then a TechBuy Non-Catalog Form should be completed. If the contract will be for a variable amount each month, then a TechBuy HSC Standing Order Form should be completed.
 - ii. Provide the specific compensation factors of your contract in the "description" section of the TechBuy Req. Consider all amendments when applying this information. The Contracting Office will verify the accuracy of this information when reviewing the TechBuy Req.
 - iii. The quantity and unit must be applied as most appropriately applies to the terms of the contract. The dollar value of the TechBuy 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 PO:" field in the "Contract" box.
 - v. Attach an electronic document of the contract if available.
- c. When reviewing contracts for the purpose of submitting TechBuy 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.