HSC OP: 54.01, Contracting Authority and Policy

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to state the institutional policy relating to the approval and execution of contracts and agreements.

REVIEW: This HSC OP will be reviewed by April 15th of each odd-numbered year (ONY) by the Director of Contracting, with recommendations for revisions forwarded to the Vice President and Chief Financial Officer by May 1.

POLICY/PROCEDURE:

1. Authorities of the Board of Regents.
   a. Authority for approval of TTUHSC contracts is vested in the TTUHSC Board of Regents. This approval authority applies to all contracts, regardless of the external agency or source of funds.
   b. The TTUHSC Board of Regents has established policies regarding contracting approvals, which are published in the Regents’ Rules.

2. Contracting Policies.
   a. Written contracts shall be executed whenever TTUHSC enters into a binding agreement with another party which involves any material consideration. Contracts are construed to include, but not be limited to: agreements, cooperative agreements, memorandums of understanding, interagency 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, limited liability entities, partnerships and individuals. Search firms are not considered to be consultants and should be processed through Purchasing.
   b. This policy shall apply to all contracts for the initial periods and for amendments or extensions thereto. For the purpose of determining whether a contract requires the approval of the board, any option(s) to extend or renew a contract shall be counted in the overall term of the contract. For example, a contract for a lease of land for three years that has an option to extend the lease for an additional three years shall be considered to be a lease of land for more than four years.
   c. Regents’ Rules, Section 07.12, governs the contracting procedure and signatory authority and is summarized in Section 07.12.7.
   d. The President has delegated the authority to approve and sign contracts involving a consideration of $1,000,000 or less to the Vice President and Chief Financial Officer.
   e. No officer or administrator is authorized to approve or execute contracts or agreements with an external agency unless that authority has been delegated in accordance with Regents’ Rules or TTUHSC Operating Policies and Procedures.
   f. Approval and signature of a contract constitutes approval to establish an operating budget, which does not exceed the consideration of the contract without further board approval. The operating budget will then be considered approved in accordance with the provisions of Section 07.04, Regents’ Rules, and in related implementing procedures.
g. Questions concerning contracting approval authorities and related procedures for processing contracts may be directed to the Contracting Office (contracting@ttuhsc.edu) or the TTUHSC Contracting Office website, located at: http://www.fiscal.ttuhsc.edu/contracts/.

3. **Prohibited contracts**

   a. Neither the TTU system nor its component institutions may enter into a contract for the purchase of goods or services with a private vendor with whom any of the following employees have a financial interest:

   (1) member of the board of regents:

   (2) the chancellor, vice chancellor and general counsel, president of the institution involved in the contract, chief procurement officer or equivalent employee responsible for procurement of goods and services for the institution involved in the contract; or

   (3) a family member related to the employees and officials listed above within the second degree of affinity or consanguinity.

4. **Commitments Prior to Contract Approval.**

   a. No officer or administrator should make any commitment of any nature *prior* to the approval of the availability of funds, either through the allocation of internal fund balances or execution of contracts or agreements.

   b. No officer or administrator should make any statement or take any action which would cause that officer or administrator to appear to a third party as having the authority to commit the institution *prior* to the execution of contracts or agreements and approval of the availability of funds. This policy is effective for all contracting approvals regardless of the external agency or source of funds.

5. **Familiarity with Regents’ Rules.** Each fund manager and administrative officer should read and be familiar with the Texas Tech Board of Regent's contracting policies, namely *Regents’ Rules*, Section 07.12.