



TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 54.05, **Use of Consultants**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish policies and procedures for use of consultants to assure that TTUHSC is in compliance with state law and Board of Regents rules and regulations.

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

POLICY/PROCEDURE:

1. Definition of Consultant

For purposes of this HSC OP, a **Consultant** means a person or firm that provides, or proposes to provide, a consulting service. **Consulting Service** means the service of studying or advising an existing or a proposed operation or project of TTUHSC under a contract that does not involve the traditional relationship of employer and employee. A **Major Consulting Services Contract** is a consulting services contract for which it is reasonably foreseeable that the value of the contract will exceed \$100,000.00.

This policy is not applicable to Actuaries, Investment Counselors, or Private Legal Counsel (retaining private legal counsel requires prior authorization from the Attorney General) in accordance with the Texas Government Code 2254.024. Nor is it applicable to professional services listed in the Texas Government Code, 2254.002(2) and defined as services provided in connection with the professional employment or practice of a person who is licensed or registered and acting within the scope of Accounting, Architecture, Landscape Architecture, Land Surveying, Medicine, Optometry, Professional Engineering, Real Estate Appraising Professional Nursing or Forensic Science. Finally, it is not applicable to persons given faculty appointments, guest lecturers, guest speakers, guest performers or other persons performing, other than consulting services. Personnel contracts for the search of new faculty and staff personnel should be handled in accordance with Human Resources operating policies.

Search firms are not considered to be consultants.

2. Policy

- a. Consultants may be used only if there is a substantial need for the Consulting Services and the service cannot be adequately performed with TTUHSC personnel or by contracting with another state agency. When the use of a Consultant is authorized, the Consultant shall be selected:
 - (1) On the basis of demonstrated competence, knowledge, and qualifications, and on the reasonableness of the proposed fee for the services; and
 - (2) When other considerations are equal, preference should be given to a Consultant whose principal place of business is within the state or who will manage the consulting engagement wholly from one of its offices within the state.
- b. Consultants will be employed using written contracts approved by the Contracting Office. No payments will be made for services obtained without a written contract.

3. Consulting Services Contract Requirements for Institutional Funds

- a. Consulting contracts paid from **Institutional Funds** should follow the procedures outlined in HSC OP 54.01 and 54.02, and are subject to Regents' Rules, Section 07.12.

In addition to the procedures of HSC OP 54.01 and 54.02, Board of Regents approval is required for any consulting contract with an initial consideration of more than \$100,000.00, and all modifications increasing that contract. Board of Regents approval is also required for any modification to a consulting contract where the initial consideration was \$100,000.00 or less and the modification will cause the total consideration to exceed \$100,000.00.

- b. A consulting contract with an initial consideration in excess of \$100,000 may be executed prior to approval by the Board if the contract includes a provision limiting the total amount of the contract to no more than \$100,000 paid to the consultant until such time as the Board has approved the agreement, and the chair(s) of the Finance and Administration committee authorize a proposal submitted to them by the chancellor, or the chancellor's designee, regarding execution of the agreement in advance of approval by the board.
- c. For contracts that provide for the services of a consultant with an initial consideration of \$100,000 or less, the vice chancellor and chief financial officer, in consultation with the president, and chief financial officer of the institution, shall review consulting contracts prior to execution, and a report of the contract shall be provided as an information agenda item at the next Board of Regents meeting. When submitting a consulting contract with initial consideration of \$100,000.00 or less to the Contracting Office, a completed "*Review of Consulting Contracts with an Initial Consideration of \$100,000 or Less*" form (Attachment A) must also be submitted. The contract will not be completed until the Contracting Office receives Attachment A.
- d. Consultant Services are subject to the Purchasing rules provided for in HSC OP 72.01, Purchasing Supplies, Equipment and Services.

4. **Consulting Services Contract Requirements for Appropriated Funds**

- a. For the purpose of this HSP OP, **Appropriated Funds**, also called funds appropriated by the Legislature, are defined as funds derived from the exercise of the statutory duties of a state agency, or funds received from the federal government.
- b. Consulting contracts paid from Appropriated Funds, to the extent that federal laws or regulations do not conflict with this policy, require departments follow the procedures set forth in the previous sections of this HSC OP. In addition, Major Consulting Services Contracts require the following actions as may be required for compliance with Texas Government Code, Section 2254:

(1) Major Consulting Services Contracts:

- (a) Submission and Approval. When the department is ready to submit a contract, a TechBuy requisition (reference number) must be provided to the Contracting Office that evidences funding approval, along with the fully approved "*Request for Consultant Services*" form (Attachment B), at least one hundred twenty (120) days before the service is to begin.
- (b) Solicitation of Proposals. The Contracting Office will submit the following information to the Secretary of State for publication in the Texas Register at least thirty (30) days before contracting with a consultant:
 - 1. An invitation for Consultants to provide offers of consulting services;
 - 2. Name, address and telephone number of the individual who should be contacted by a Consultant who intends to make an offer;
 - 3. Closing date for the receipt of offers; and
 - 4. The procedure by which TTUHSC will award the contract.
- (c) Notification after entering into a Major Consulting Services Contract. No later than the 20th day from the date that the Major Consulting Services Contract is executed, the Contracting Office shall file the following information with the Secretary of State for publication in the Texas Register:

1. A description of the activities that the Consultant will conduct;
2. The name and business address of the Consultant;
3. The total value and the beginning and ending dates of the contract; and
4. The due dates of documents, films, recordings or reports that the Consultant is required to present to TTUHSC.

c. Continuation of Previous Contracts.

If the desired Consulting Service relates to a service previously performed by a Consultant, this must be disclosed in the invitation for offers filed with the Secretary of State under Section 4 of this HSC OP. If the intent is to award the contract for the Consulting Service to the Consultant who previously performed the service unless a better offer is submitted, this intention must also be disclosed in the invitation for offers.

d. Final Reporting

The Contracting Office will be provided with copies of all documents, films, recordings and reports provided by the Consultant. The Contracting Office will then file these copies with the Texas State Library, and will be prepared, upon request, to provide copies of this same data to the Governor's Budget and Planning Office and the Legislative Budget Board. In addition, the department administrator will prepare a report to be submitted to the Contracting Office regarding actions which were taken in response to the recommendations of each Consultant employed. The Contracting Office shall furnish this report to the EVPFA who will provide the report to the Governor's Budget and Planning Office and the Legislative Budget Board as part of the biennial budgetary hearing process.

e. Emergency Waivers - Major Consulting Contracts.

- (1) If an unforeseen emergency causes a department to need the services of a Consultant in a timeframe that makes compliance with all or part of this policy infeasible, then this section applies. This section applies regardless of whether the needed services necessitate a new contract or the renewal, amendment, or extension of an existing contract.
- (2) The department, through the Contracting Office of TTUHSC, shall request from the Governor a limited waiver from the requirements of the statute or Govt. Code Section 2254. The Governor may grant the limited waiver only after TTUHSC has provided information concerning the nature of the emergency, the reason that the emergency was unforeseen, the identity of the consultant with whom TTUHSC wishes to contract, the amount of the proposed contract, and any other information the Governor deems necessary.
- (3) For the purpose of this section, the term "unforeseen emergency" means a situation that suddenly and unexpectedly causes TTUHSC to need the services of a Consultant. The term includes, but is not limited to, the issuance of a court order, an actual or imminent natural disaster, and new state or federal legislation. An emergency is unforeseen only to the extent that the department was not negligent in foreseeing the occurrence of the emergency.
- (4) As soon as possible after the Governor grants a limited waiver, the department shall fulfill the requirements of this policy to the extent that those requirements are not made superfluous or ineffective by the Governor's limited waiver. The notice published in the Texas Register shall contain a detailed description of the emergency that necessitated the Governor's temporary waiver.

5. **Renewal, Amendment or Extension of Contracts**

When TTUHSC intends to renew, amend, or extend a consulting services contract, the procedures to be followed will be determined by the value of the contract, the individual or entity with whom TTUHSC is contracting, and type of funding. The process detailed in this HSC OP shall be followed for any renewal, amendment, or extension of a consulting services contract.

6. **Conflicts of Interest**

This section applies to all consulting services contracts, including renewals, amendments and extensions of those contracts: In accordance with HSC OP 10.05 Conflict of Interest and Commitment Policy, employees may not have direct or indirect interests, including financial and other interests, engage in business transactions or professional activities, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the Employee's duties to the Institution or the public interest.

7. **Restrictions**

- a. TTUHSC may not enter into a consulting services contract with any individual who has been previously employed by TTUHSC within the past 12 months.
- b. An individual who offers to perform a Consulting Service for TTUHSC and who has been employed by TTUHSC or by another state agency at any time during the two years preceding the making of the offer shall disclose in the offer the nature of the previous employment with TTUHSC or the other state agency, the date of termination of the employment and the annual rate of compensation for the employment at the time of termination. If TTUHSC accepts the offer from an individual described in the previous sentence, the Contracting Office shall include this information in the material provided to the Secretary of State for publication in accordance with Section 4 of this HSC OP.
- c. A person's offer or proposal to provide Consulting Services to TTUHSC may not be accepted if:
 - (1) the person received compensation from the agency to participate in the preparation of the specifications or request for proposals on which the offer is based; and
 - (2) the person would receive compensation from the agency for providing Consulting Services to the agency.

8. **Void Contract**

If TTUHSC or any employee contracts for Consulting Services or renews, amends or extends a consulting services contract or any consultant contracts to perform a Consulting Service for the institution without complying with the provisions of this HSC OP, the contract, renewal, amendment or extension is void.

9. **Dividing Contracts**

A consulting services contract or a renewal, amendment, or extension of a consulting services contract may not be divided into more than one contract, renewal, amendment, or extension in order to avoid the requirements of this policy.

10. **Mixed Contracts**

If a contract involves both Consulting Services and other types of services, then this policy applies if the primary objective of the contract is the purchase of Consulting Services.

11. **References**

- (1) [Texas Government Code, Section 2254](#)
- (2) [Regents' Rules, Section 07.12](#)
- (3) [TTUHSC Operating Policy 10.05 Conflict of Interest and Commitment Policy](#)

Attachment A: REVIEW OF CONSULTING CONTRACTS WITH AN INITIAL CONSIDERTION OF \$100,000 OR LESS

Attachment B: REQUEST FOR CONSULTANT SERVICES