

25.07.01 Contract Administration Procedures and Delegations

Approved July 31, 1996
Revised August 11, 1998
Revised September 20, 1999
Revised February 7, 2001
Revised February 15, 2002
Revised August 7, 2002
Revised January 16, 2004
Revised March 2, 2005
Revised September 1, 2010
Next Scheduled Review: September 1, 2012



Regulation Statement

This regulation specifies contract administration procedures required by and delegations authorized by the chancellor pursuant to System Policy 25.07, *Contract Administration*, for members of The Texas A&M University System (system) and the process for administering and delegating approval authority for all contracts entered into by a system member.

Reason for Regulation

Unless specifically excluded by system policy or another regulation, this regulation governs all contracts, including all original contracts, amendments, alterations, modifications, corrections, changes and extensions.

Procedures and Responsibilities

1. GENERAL

System Policy 25.07 specifies the types and values of contracts that must be approved by the system Board of Regents (board), those which may be approved by the chancellor or designee, and those which may be approved by member chief executive officers (CEOs) or their designees. The policy requires that member contract administration procedures and delegations be reported to the chancellor and the board annually in the format prescribed by the chancellor.

2. DELEGATIONS BY THE CHANCELLOR

2.1 CEOs are hereby delegated the authority to approve contracts of \$350,000 or less that are not otherwise reserved for approval by the board, as described in System Policy 25.07, Section 6, and to subdelegate such authority at their discretion.

- 2.2 The system chief business officer is authorized to approve contracts to the extent such authority is delegated by the board to the chancellor and not otherwise subdelegated.

3. EMPLOYMENT CONTRACTS

- 3.1 Employment contracts, including letters of agreement or letters of understanding, with administrators that are to be paid in whole or in part from appropriated funds or having total salary consideration of \$500,000 or more, must be submitted to the board for approval. This section applies only to a contract that is to be entered into with an administrator that contains terms which differ from the standard employment provisions found in the System Policy and Regulation Library's Policy Series 33.99, *General Employment*. This section does not abrogate the authority of the chancellor or the CEOs to appoint member officials as set out in System Policy 01.03, *Appointing Power and Terms and Conditions of Employment*.
- 3.2 The board must approve any employment contract which: (1) provides for employment for more than three years; (2) allows for severance or other payments on the termination of the contract to exceed an amount equal to the discounted net present cash value of the contract on termination at a market interest rate agreed upon in the contract; (3) allows for development leave that is inconsistent with System Regulation 12.99.01, *Faculty Development Leave*; or (4) awards tenure in any way that varies from the general policy on the award of tenure.

4. CONTRACT ADMINISTRATION PROCEDURES

- 4.1 Contract administration procedures will be prepared by each member in the format distributed by the System Office of Budgets and Accounting and include (1) the type of contract, (2) the typical routing for departmental review of documents, and (3) the CEO or designee authorized to execute contracts of \$350,000 or less.
- 4.2 Member contract administration procedures will be reviewed annually at the beginning of each fiscal year. Revised or confirmed (if no changes are made to existing guidance) procedures will be submitted to the System Office of Budgets and Accounting who will review the procedures, resolve any discrepancies, and compile a report for submission to the chancellor and the board.
- 4.3 Mid-year revisions to contract administration procedures, including the addition of contract types not addressed in procedures previously submitted, will be submitted for review and approval by the member CEO to the System Office of Budgets and Accounting as they occur.

5. CONTRACT ADMINISTRATION GUIDE

The following is provided as a quick reference for processing various types of contracts, including those which require approval by the board, those which may be approved by the chancellor, and those which may be approved by the CEO or designee:

- 5.1 Contracts reserved for board approval (more than 5 years or \$500,000 or more, excluding exceptions provided in System Policy 25.07, Section 4; certain real estate contracts; certain employment contracts or contracts with firms in which a board member is director or owns stock; and all other contracts reserved for board approval, as described in System Policy 25.07, Section 4)
- (1) Follow members' contract administration procedures
 - (2) CEO recommends approval
 - (3) Office of General Counsel (OGC) reviews
 - (4) Chief Business Officer reviews
 - (5) Chancellor recommends approval
 - (6) Board approves
- 5.2 Contracts reserved for chancellor's approval (more than \$350,000 but less than \$500,000)
- (1) Follow members' contract administration procedures
 - (2) CEO recommends approval
 - (3) OGC reviews
 - (4) Chief Business Officer recommends approval
 - (5) Chancellor approves
- 5.3 Contracts covered in members' contract administration procedures (including those of \$350,000 or less as delegated by the chancellor in Section 2)
- (1) Unaltered contracts approved by OGC in the last three years (yearly renewal/standardized contracts)
Approval in accordance with contract administration procedures
 - (2) Contracts greater than \$50,000 not covered in Section 5.3(1)
 - (a) OGC reviews
 - (b) Approval in accordance with contract administration procedures
 - (3) Contracts \$50,000 or less not covered in Section 5.3(1)
 - (a) OGC reviews or member-specific contract review short form as approved by OGC
 - (b) Approval in accordance with contract administration procedures
 - (4) Contract form provided by vendor
 - (a) Attach contract addendum form
 - (b) Approval in accordance with Sections 5.3(1), 5.3(2), or 5.3(3)
- 5.4 Contracts not covered in members' contract administration procedures
- (1) Send to board as shown in System Policy 25.07, Section 4, or
 - (2) Add contract type to member contract administration procedures under Section 4.3, and then approval in accordance with contract administration procedures

6. LEGISLATIVE BUDGET BOARD (LBB) CONTRACT REPORTING REQUIREMENTS

- 6.1 All contracts including an amendment, modification, renewal or extension of the contract using either appropriated or non-appropriated funds for major information systems that exceed \$100,000 and construction projects, professional services (other than physician or optometric services) or consulting services that exceed \$14,000, must be reported to the LBB on the prescribed LBB form no later than the 10th day after the contract is entered into.
- 6.2 All other contracts including an amendment, modification, renewal or extension of the contract except purchase orders, interagency contracts and interlocal agreements that exceed \$50,000 that are to be paid in whole or in part with appropriated funds, must be reported to the LBB on the prescribed LBB form no later than the 10th day after the contract has been entered into. These contracts should be categorized as "other" when reporting to the LBB.
- 6.3 All contracts, agreements, purchase orders, interagency contracts, interlocal agreements or other written expression of terms of agreement for the purchase or sale of goods or services including an amendment, modification, renewal or extension of the contract/agreement that use either appropriated or non-appropriated funds, exceed \$500,000 (including an amendment, modification, renewal, or extension) and involve a single entity or individual or a state agency or institution of higher education, must be reported to the LBB on the prescribed LBB form before October 1 of each fiscal year for the prior fiscal year.

Related Statutes, Policies, or Requirements

[Texas Government Code, Section 2054.008](#)

[Texas Government Code, Section 2166.2551](#)

[Texas Government Code, Section 2254.002](#)

[Texas Government Code, Section 2254.006](#)

[Texas Government Code, Section 2254.021](#)

[Article IX, Sections 7.04 and 7.05, Texas General Appropriations Act of the 81st Legislature](#)

[Texas Education Code, Chapter 51.948 Contracts with Administrators](#)

[State of Texas Contract Management Guide](#)

[System Policy 01.03, Appointing Power and Terms and Conditions of Employment](#)

[System Regulation 12.99.01, Faculty Development Leave](#)

Definitions

Administrator – a person who has significant administrative duties relating to the operation of the institution, including the operation of a department, college, program or other subdivision of the institution.

Consulting service – the meaning assigned by Section 2254.021, Texas Government Code, and means the service of studying or advising a state agency under a contract that does not involve the traditional relationship of employer and employee.

Contract – the meaning assigned by the State of Texas Contract Management Guide, page 6, and means a written agreement where a contractor provides goods or services in accordance with the established price, terms and conditions.

Major information system – the meaning assigned by Section 2054.008, Texas Government Code, and means one or more computers that in the aggregate cost more than \$100,000; a service related to computers, including computer software, that costs more than \$100,000; or a telecommunications apparatus or device that serves as a component of a voice, data, or video communications network.

Professional services – the meaning assigned by Section 2254.002, Texas Government Code, and means services within the scope of the practice, as defined by state law, of: (i) accounting; (ii) architecture; (iii) landscape architecture; (iv) land surveying; (v) medicine; (vi) optometry; (vii) professional engineering; (viii) real estate appraising; or (ix) professional nursing; or provided in connection with the professional employment or practice of a person who is licensed or registered as: (i) a certified public accountant; (ii) an architect; (iii) a landscape architect; (iv) a land surveyor; (v) a physician, including a surgeon; (vi) an optometrist; (vii) a professional engineer; (viii) a state certified or state licensed real estate appraiser; or (ix) a registered nurse.

Contact Office

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