

25.07 Contract Administration

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Policy Statement

The effective administration of contracts is an essential operational function of The Texas A&M University System (system). All contracts entered into by a member of the system, unless specifically excluded by this or another policy adopted by the Board of Regents (board), are subject to this policy, including all original contracts, amendments, alterations, modifications, corrections, changes and extensions.

Reason for Policy

This policy provides guidance for development of the system contract administration regulations.

Procedures and Responsibilities

1. RESPONSIBILITY FOR DEVELOPMENT AND IMPLEMENTATION OF CONTRACT ADMINISTRATION PROCEDURES

It shall be the responsibility of the chancellor, university and health science center (HSC) presidents and agency directors to develop and implement contract administration procedures for all contracts that include the following:

- (a) written express delegations of authority specifying those officers who are authorized to execute contracts on behalf of the system, university, HSC, or agency, and limiting contracting authority to those officers with written express delegations of authority;
- (b) delegations of authority specifying the type of contract and dollar limitations applicable to each delegation; and

- (c) a process for contract origination, recommendation and approval for each type of contract.

2. REPORTING OF PROCEDURES AND DELEGATIONS

The above procedures and delegations shall be reported annually to the chancellor and board in the format prescribed by the chancellor.

3. REQUIRED GENERAL COUNSEL REVIEW

All contracts must be submitted to the Office of General Counsel (OGC) for review as to form and legal sufficiency, except as noted below:

- (a) OGC review is not necessary for those contracts entered into pursuant to an unaltered contract form approved by the OGC within the preceding three years.
- (b) The chancellor may authorize system member chief executive officers (CEOs), or their designees, to enter into contracts that involve a stated or implied consideration of no more than \$50,000 without submitting those contracts to the OGC, provided that such contracts are reviewed by the system member in accordance with guidelines approved by the chancellor on recommendation of the OGC.

4. REQUIRED BOARD APPROVAL

The following contracts must be submitted to the board for approval:

- (a) Contracts that involve a stated or implied consideration of \$300,000 or more, or have a primary term longer than five (5) years; excluding
 - (1) sponsored research contracts and grants;
 - (2) contracts transferring rights in technology or products protectable by patent or as a plant variety;
 - (3) contracts which are processed through state contract, state catalogue, or the appropriate bid process in accordance with the system requirements;
 - (4) contracts for athletic events and athletic contests; and
 - (5) other contracts as described in Section 6.

Contracts meeting any of the above exceptions (1) through (5) are not required to receive board approval regardless of dollar value or term.

- (b) Employment contracts including:
 - (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 (see System Regulation 25.07.01, *Contract Administration Procedures and Delegations*, Section 3); and

- (2) employment contracts having a primary term longer than five (5) years or contracts having a total salary consideration of \$300,000 or more.
- (c) Contracts with an entity in which a member of the board holds stock and/or serves as a director; and
- (d) Any type of contract not addressed in approved contract administration procedures.

5. CONTRACTS GOVERNED BY OTHER POLICIES

All contracts for the purchase or sale of real property, the lease of system real property, the lease of real property from third parties, the granting or acceptance of easements or rights-of-way, and for any other acquisition or disposition of real property or real property interests shall be governed by the policies in Chapter 41, *Real Estate Management*, and any regulations promulgated under that chapter. The delegation of authority for all construction contracts shall be governed by System Policy 51.04, *Delegations of Authority on Construction Projects*, and the regulations promulgated under that policy.

6. CONTRACT APPROVAL AND DELEGATION OF AUTHORITY

Contracts and grants, including interagency and intrasystem contracts, to perform research, educational and/or service activities consistent with a member's mission, as well as contracts described in Section 4(a)(3) and (4), may be approved by CEOs, or their designees, regardless of dollar value. The chancellor is authorized to approve all other contracts not reserved for approval by the board, and may delegate authority to deputy chancellors, vice chancellors, CEOs or others to execute all such other contracts less than \$200,000.

7. WRITTEN AUTHORIZATION REQUIRED

The authority to enter into contracts on behalf of the system or any of its members must be by express written authority pursuant to the policies of the board and approved contract administration procedures.

8. EXTENSION OF PRE-EXISTING CONDITIONS FOR CONTRACTS WHICH PRE-DATE THIS POLICY

Contracts reviewed and authorized prior to the adoption of this policy shall remain in full force and effect; however, any modification or extension of such contracts shall be reviewed and authorized in accordance with this policy.

Related Statutes, Policies, or Requirements

Tex. Educ. Code § 51.159

<http://tlo2.tlc.state.tx.us/statutes/docs/ED/content/htm/ed.003.00.000051.00.htm#51.159.00>

Tex. Educ. Code § 51.9335

<http://tlo2.tlc.state.tx.us/statutes/docs/ED/content/htm/ed.003.00.000051.00.htm#51.9335.00>

State of Texas Contract Management Guide

http://www.window.state.tx.us/procurement/pub/contractguide/CMG_Version_1.4.pdf

System Policy 01.03, *Appointing Power and Terms and Conditions of Employment*

<http://www.tamus.edu/offices/policy/policies/pdf/01-03.pdf>

System Policy, Chapter 41, *Real Estate Management*

<http://www.tamus.edu/offices/policy/policies/index.html>

System Policy 51.04, *Delegations of Authority on Construction Projects*

<http://tamus.edu/offices/policy/policies/pdf/51-04.pdf>

System Regulation 25.07.01, *Contract Administration Procedures and Delegations*

<http://tamus.edu/offices/policy/policies/pdf/25-07-01.pdf>

System Regulation 25.07.02, *Reporting of Foreign Contracts, Gifts, Donations, Grants and Endowments*

<http://www.tamus.edu/offices/policy/policies/pdf/25-07-02.pdf>

System Member Delegations of Authority for Contract Administration

<http://tamus.edu/offices/policy/delegations/index.html>

Definitions

Contract – an agreement that creates an obligation to do or not do a particular thing.

Contact Office

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