Purchasing Accountability and Risk Analysis Procedure

Objective #1

Each state agency, by rule, shall establish a procedure to identify each contract that requires s enhanced contract or performance monitoring and submit information on the contract to the agency's governing body or, if the agency is not governed by a multimember governing body, the officer who governs the agency. The agency's contract management office or procurement director shall immediately notify the agency's governing body or governing official, as appropriate, of any serious issue or risk identified with respect to a contract monitored under this subsection." **[Tex. Gov. Code Sec. 2261.253(c)]**

"(d) this section does not apply to a memorandum of understanding, interagency contract, interlocal agreement, or contract for which there is no cost." **[Tex. Gov. Code Sec. 2261.253(d)]**

Texas Tech University ("TTU")/
Texas Tech University System ("TTUS") Guidelines

I. All contracts over $1 million per annum require enhanced contract or performance monitoring during contract formation, throughout the contract term, and for a reasonable period after contract termination.

II. The Procurement Services Office shall establish criteria by which contracts valued less than $1 million require additional monitoring efforts. TTU/TTUS shall develop contract monitoring procedures. All contracts that require enhanced contract monitoring shall be reported to the Board of Regents in compliance with Texas Government Codes §§ 2261.254 and 2261.255.

Procurements and Contracts shall also comply with the following policies and regulations:

Texas Tech University Operating Policy- 72.02 Contract Management Procedures

Texas Tech University Operating Policy- 72.04 Contract Administration

Texas Tech University Operating Policy– 72.09 Procurement of Goods or Services

Texas Tech University System Regulation 07.03 Contracting

Texas Tech University System *Regents' Rules*

Objective #2

(a) each state agency shall develop and comply with a purchasing accountability and risk analysis procedure. These procedures must provide for the following:

(1) assessing the risk of fraud, abuse, or waste in the contractor selection process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which the agency contracts;

(2) identifying contracts that required enhanced contract monitoring or the immediate attention of contract management staff; and

(3) establishing clear levels of purchasing accountability and staff responsibilities related to purchasing.

[Tex. Gov. Code Sec. 2261.256(a)]

"(d) this section does not apply to a memorandum of understanding, interagency contract, interlocal agreement, or contract for which there is no cost." **[Tex. Gov. Code Sec. 2261.253(d)]**

Contractor Selection Process:

TTU/TTUS shall develop processes that assess the risk of fraud, abuse, or waste when selecting a Contractor to provide goods or services. The processes shall include at a minimum:

  (a) Dollar thresholds for procurements that require a competitive selection process;

  (b) If a cooperative purchasing contract is used, an evaluation of the contract (above $50,000); and

  (c) A vendor performance monitoring system.

Contract Provisions:

  (a) Establishment of templates to standardize contract language and defined requirements for the use of those templates.

  (b) Use of standardized contract language to the extent possible.

  (c) Dollar thresholds for contracts and purchase orders that require additional administrative review.

Payment and Reimbursement Rates:

  (a) The department financial manager/approver/requestor is responsible for verifying that each requisition has an acceptable business purpose that benefits the institution and the appropriateness of the payment and reimbursement rates and methods.

  (b) The contract management office is responsible for verifying that each contract has acceptable business purpose that aligns with the TTU/TTUS strategic mission and is following statutory requirements.

  (c) TTU/TTUS shall seek to process payments in the most efficient and lowest cost method.

Identifying Contracts that Require Enhanced Contract Monitoring or the Immediate Attention of Contract Management Staff:

  (a) All contracts over $1 million per annum require enhanced contract or performance monitoring during contract formation, throughout the contract term, and for a reasonable period after contract termination. The departmental contract administrator shall perform most contract monitoring.

  (b) The Procurement Services Office shall establish criteria by which contracts valued less than $1 million require additional monitoring efforts. All contracts that require enhanced contract monitoring shall be reported to the TTUS Board of Regents in compliance with Texas Government Codes §§ 2261.254 and 2261.255.

Establishing Clear Levels of Purchasing Accountability and Staff Responsibilities Related to Purchasing:

  (a) Officers and employees shall not make unauthorized commitments or promises of any kind purporting to bind TTU/TTUS.

  (b) The chief procurement officer is delegated the authority to issue purchase orders and is therefore responsible for establishing procedures that comply with the requirements outlined in policy and statute. The officer may further delegate their authority.

  (c) Institutional departments have the delegated authority to obtain bids or quotes for requisitions that will not exceed formal procurement thresholds established by Procurement Services and are therefore responsible for ensuring compliance with all ethical standards and procedural processes outlined in the Operating Policies and Procedures.

Objective #3

(a) TTUS shall publish a contract management handbook that establishes consistent contracting policies and practices to be followed by TTU/TTUS, consistent with the comptroller's contract management guide." **[Tex. Gov. Code Sec. 2261.256(b)]**

(b) The TTUS Contract Management Handbook adopted by the Texas Tech University System shall be posted on the TTU website.