

Texas A&M International University

PURCHASING CARD PROGRAM

PROGRAM GUIDE

Citibank MasterCard

(Revised 12/10/2014)

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TEXAS A&M INTERNATIONAL UNIVERSITY
PURCHASING CARD PROGRAM GUIDE

OVERVIEW

Purchasing Card Program

The Purchasing Department offers to all Texas A&M International University Departments a simplified way in which to order and pay for goods. The Purchasing Card Program (ProCard) is a fast, flexible purchasing method for processing **non-restricted commodity** purchases from suppliers that accept credit cards. The purpose of the Purchasing Card Program is to establish a more efficient, cost-effective method of facilitating the delegated purchasing and payment for small dollar transactions. If used to its potential, the program will result in a significant reduction in the data entry of limited requisitions, receiving, invoices, and vouchers and reduction in related documentation including checks. The ProCard can be used with any supplier that accepts MasterCard as a form of payment.

All purchasing statutes, rules, policies, and procedures must be adhered to when utilizing the ProCard.

PURCHASING CARD CONTRACT

The terms and conditions of the ProCard contract are specified and awarded by the Texas Procurement and Support Services (TPASS) for the State of Texas. Texas A&M International University is utilizing the State of Texas contract for purchasing card services with Citibank. Texas A&M International University and its' cardholders must comply with the terms and conditions of the State contract in the implementation of this program.

PURCHASING CARD PROGRAM GUIDE

This Purchasing Card Program Guide provides the guidelines for using the ProCard. **PLEASE READ IT CAREFULLY.** Your signature on the Purchasing Card Agreement (Attachment A) certifies that you understand the intent of the program and agree to follow the established guidelines.

IMPORTANT POINTS OF THE PROGRAM

The following important points should be reviewed before using the ProCard:

- Your ProCard is issued in your name. **All purchases using the ProCard must be made by you only!** You are responsible for the security of the ProCard and the transactions made with it. **FAILURE TO FOLLOW THE PURCHASING CARD GUIDELINES CAN RESULT IN CORRECTIVE ACTION INCLUDING TERMINATION OF EMPLOYMENT.**
- ProCards must not be shared; it forfeits your dispute rights with Citibank.
- State Statute (SB583) prohibits state entities from buying from vendors who are under “warrant hold” status. Vendors are on warrant hold for reasons such as being in debt to the State, tax delinquency, student loan default, or failure to pay child support. It will be the responsibility of the cardholder placing an order to insure that “warrant hold” status is verified **BEFORE COMMITTING FUNDS ON BEHALF OF THE UNIVERSITY**. Cardholders must verify vendors’ “warrant hold” status on the Comptroller of Public Account’s website. The Comptroller’s website is <http://www.window.state.tx.us/procurement/>.
- You can use the ProCard with any vendor that accepts MasterCard and is not on the restricted list (restricted merchant category codes restricted by the University/State). It may be used for in-store, mail, telephone, and fax purchases/orders.
- You may use the ProCard to purchase supplies within your delegated limits. Use must not exceed the monthly credit limit assigned to the ProCard.
- Statement reconciliations are due to the Purchasing office immediately after the closing of the monthly cycle. Any Expense Reports submitted after the 13th of the month will be considered late and cardholders will be reported. Late submissions are tracked, and after three (3) late submissions, ProCard privileges will be suspended. Reconciliation is required in order to ensure that all charges are accurate.
- The ProCard **is not intended to avoid or bypass appropriate purchasing or payment procedures.** This program complements the existing processes.
- The ProCard is **not for personal use.**
- The Pro Card must be returned to the Program Coordinator upon your transfer or termination of employment.

The Purchasing Department will place a suspension on all credit cards that incur 3 or more restricted purchases. After a second restricted purchase, cardholders will be required to come in for a second training.

GENERAL INFORMATION

Duties and Responsibilities

Program Administrator

The Program Administrator was designated by Texas A&M International University for questions, issues, and administration of the program. The Administrator is knowledgeable of all procedures in the Purchasing Card Program Guide. All ProCard requests must go through the Program Administrator.

Procurement Card Coordinator

Laura Echandy
(956) 326-2343
laura.echandy@tamiu.edu

Laura Martinez
(956) 326-2351
laura.martinez1@tamiu.edu

Department Supervisor

The department supervisor is responsible for designating cardholders and approving monthly ProCard statements for cardholders to ensure they are within Texas A&M International University's Policy. The supervisor should assist the cardholder with understanding the purchasing regulations.

Cardholders

The cardholder is the person designated by a supervisor to use the ProCard for purchasing supplies/items within the spending limits. The cardholder is responsible for following the purchasing guidelines of Texas A&M International University in regards to purchases, selection of vendors, security of card and monthly reconciliation.

Citibank Customer Service

The Purchasing Card Program is serviced using a team approach with Citibank's Customer Service Center. This center is available 24 hours a day, 7 days a week to assist the cardholder with general questions about the ProCard account.

The Customer Service number is: **1-800-248-4553**

PURCHASING CARD CONTROLS

Credit Limits

All ProCards have monthly cardholder spending limits. Monthly limits may vary for each cardholder and will be established by the Program Administrator. Request to raise limits will be sent to the Program Administrator in writing by the supervisor and must be approved by the appropriate VP. The Program Administrator will review and respond to the request.

If the request is granted, the Program Administrator will forward the request to Citibank for processing.

Please allow 2 to 4 working days for Citibank to process any limit changes.

Transaction Limits

Your ProCard has a single transaction limit of \$5,000.00 per cycle, unless otherwise specified. This is the amount available on the ProCard for a single purchase. A cardholder **must not** have expenditures over the set limit per cycle or the purchase will be declined. A transaction includes the purchase price plus freight. Cardholders should not attempt to make a purchase greater than their approved amount or split purchases in an effort to remain under the established transaction limit.

Restricted Vendors

The ProCard Program may be restricted for use with certain types of suppliers and merchants. If you present your ProCard for payment to these vendors the authorization request will be declined.

Historically Underutilized Business Program Guidelines

It is the policy of Texas A&M International University to involve qualified Historically Underutilized Businesses (HUBs) to the greatest extent allowed by law in the University's construction contracting, professional services, and purchase, lease or rental of all supplies, materials, services, and equipment. The University, its contractors and subcontractors will not discriminate on the basis of race, color, religion, national origin, sex, disability, political belief, or affiliation in the award of contracts. **Every University employee is responsible for conducting business with outside vendors and has the responsibility of making a good faith effort of ensuring that HUBs are afforded an equitable opportunity to compete for all procurement and contracting activities of the University.** Texas A&M International University has adopted HUB Policy as outlined by The Texas A&M University System Policy 25.06 (See Attachment D, and E).

A list of HUB vendors may be found on the Texas Procurement and Support Services (TPASS) website, <https://mycpa.cpa.state.tx.us/tpasscmblsearch/index.jsp> . A partial list of vendors can be found on the Texas A&M International University Purchasing website, <http://www.tamui.edu/adminis/purchasing/hubsvendor.shtml>.

MAINTAINING YOUR PURCHASING CARD

It is the cardholder's responsibility to **ALWAYS** obtain an itemized receipt for each transaction when using the ProCard. The receipts should be kept in a safe place and retained in the department. Receipts are the University's official records and will be required for audits.

Cardholders Empowerment

At the end of each billing cycle (3rd of every month- except weekends or holidays) the cardholder will reconcile by going to Citibank's website at <https://home.cards.citidirect.com/CommercialCard/Cards.html?classic=2>. Attach all documentation, note any additional information pertinent to the purchase, verify all purchases are valid and forward the Expense Report to the corresponding supervisor for review and approval. **The Expense Report should then be routed to the Purchasing Department for approval prior to payment.**

Sales and Tax

Texas A&M International University is **tax exempt** and the credit card so indicates. Ensure taxes are not being applied to your purchases. A tax exemption certificate is available through the Business Office.

Security of the ProCard

The cardholder is responsible for the security of the card. This card will be treated with the same level of care as the cardholders would use with his/her own personal charge card. Guard the ProCard account number carefully. Your account number should not be posted in a work area or left in a conspicuous place. It should be kept in an accessible but secure location.

The only person authorized to use the ProCard is the cardholder whose name appears on the card. The card is to be used for business purposes only. Unauthorized use of the ProCard can result in disciplinary action being taken by the University, including termination of employment.

Employment Transfer/Termination

When a cardholder terminates employment with Texas A&M International University or transfers to another department within the University, the department has the specific obligation to reclaim the purchasing card and return it to the Program Administrator prior to the employee's termination/transfer date.

Lost or Stolen Cards

If a ProCard is lost or stolen, immediately contact the Citibank’s Customer Service at **1-800-248-4553**. After contacting Citibank, notify the Program Administrator and the department supervisor.

Procedures

To obtain a ProCard the following process will be followed:

1. Cardholder must fill out an application and department head/supervisor must approve. The approved application must be forwarded to the Program Administrator. (Attachment F).
2. Program Administrator will submit ProCard application to Citibank. Please allow up to/approximately ten (10) days for your card to be received by the Purchasing department.
3. Once the card is received, the Program Administrator will schedule the applicant for a ProCard training. The applicant must bring a photo I.D. to the training class for verification and identification.
4. The applicant will attend the training (approximately 45 minutes) and will sign Purchasing Card Agreement (Attachment A).

About the Card

A ProCard will be issued in your name with the State of Texas emblem and the wording “**OFFICIAL USE ONLY**” clearly indicted on the card. This card is for University business purposes only and it may not be used for any personal transactions. **It is important you understand that you are personally responsible and accountable for this ProCard.**

Purchasing Card Activation

The cardholder must sign the back of the card and activate the ProCard at <https://home.cards.citidirect.com/CommercialCard/Cards.html?classic=2> before using it.

Purchasing Guidelines

As a State institution, we are bound by certain state, local and federal laws and guidelines. As such, all purchases must be in accordance with the laws of the State of Texas and the purchasing procedures of The Texas A&M University System and Texas A&M International University. The cardholder is responsible for compliance and strict adherence to all purchasing guidelines within their department delegated authority.

Single/Vendor Transaction Limit	\$5,000.00
Monthly Transaction Limit	\$5,000.00

As a reminder, the departmental delegated authority is for limited purchases. State law mandates that large purchases may not be broken down into small purchases to meet delegated limits. To do so would be a violation of state law and The Texas A&M University System and Texas A&M International University purchasing procedures. These limits help ensure that large-dollar purchases comply with University and State requirements for competitive bids. Cardholders who split purchases or bypass transaction limits will be reported to the appropriate VP for corrective action.

Cardholders should promote and encourage positive interactions with suppliers. Honesty and courtesy are essential ingredients in all aspects of a buyer/supplier relationship.

All cardholders will follow these guidelines when using the ProCard:

1. Identify the commodity class and item of goods or services to be purchased.
2. Check the Texas Procurement and Support Services (TPASS) or the Purchasing Departments website for HUB vendors at <https://mycpa.cpa.state.tx.us/tpasscmblsearch/index.jsp> .
3. Check the State of Texas Contracts. If the item is on State Contract utilize the Contract. All items on State Contract may be found at <http://www.cpa.state.tx.us/procurement/>.
4. Statute prohibits state entities from buying from vendors who are in “warrant hold” status. Verify vendors “warrant hold” status utilizing State Comptroller’s website <https://cpafmprd.cpa.state.tx.us/tpis/search.html>.

Examples of Acceptable Purchases

All purchases must be made in accordance with the applicable statutes and regulations, the State Comptroller’s rules, The Texas A&M University System and Texas A&M International University’s policies and procedures. (**Refer to Guidelines for Disbursement of Funds, http://purchasing.tamu.edu/media/64789/disbursement_manual.pdf**) A State Agency **may not** pay for goods before they are delivered to the agency. The cardholder needs to ensure goods **will not** be received before the statement due date. The University’s closing date will be on the 3rd of each month with payment due within fourteen (14) days. Vendors should only charge the account when goods are shipped, this includes backorders.

Acceptable Purchases

Supplies-Office General	4010	Supplies-Paper Good & Janitorial	4011
Supplies-Education (books, videos, exams)	4012	Supplies-Research	4013
Supplies-Other	4014	Food Purchases (Research, Seminars, Teaching)	4050
Subscription, Periodicals & Info Services	4025	Fertilizer	4056
Medical Supplies	4045	Pesticides	4058
Parts-Machinery & Equip	4066	Parts-Motor Vehicles	4065
Building Supplies & Material	4076	Shop & Industrial Supplies	4075
Fabric & Linen (ex. shirts)	4080	Landscaping Supplies	4077
Telecom-Parts & Supplies	5120	Furnishing & Equipment (non-inv)	4085
Employee Training/Tuition	5217	Employee Training-Registration Fees	5215
M&R-Motor Vehicles**	5511	M&R Machinery & Equipment**	5512
M&R-Medical Equipment	5513	Telecom Equip Purchase	5770
Medical, Scientific & Lab Equip	5751	Rental of Exhibit Space (booth/table)	5871
Shop & Industrial Equip	5753	Rental of Tools & Equipment	5810
Fabrication of Equipment	5772	Catering Services (Only ARAMARK)	6338
Other Expenses-Local Only (ex. florist)	6335	Entertainment/Business Meals*	6340
Food Purchases (other than 4050)	6339		
Participant Costs-Fees	6367		

Restricted Purchases

Advertising	Memberships
Alcohol	Microwave
Capital Equipment	Postage/Overnight Packages
Cell Phones	Printer
Chemicals	Printing/Copying
Computer (includes Software/Hardware)	Promotional items with TAMIU logo***
Controlled Assets (see below for definition)	Radios (hand-held/2-way)
Consultant Services	Refrigerator
Entertainment (theater, golf course, bowling, tourist attraction, exhibits, etc)	Services (please contact Purchasing)
Freight Charges	Shredder (use contract)
Furniture	Social Club Dues
Gasoline	Travel (airlines, car rentals, hotels, motels, railroads, cruise lines, travel agencies, Bridge, Road Fees, Tolls, service stations, parking lots and garages, etc.)
Gift Certificates/Gift Cards	Uniforms
Hazardous/radioactive materials	
Meals/Food (for business meals only, not for Individual cardholder meals)	
Medicine	

* Meals purchased on the ProCard **must** always be documented as to who, what, when, where and why- the Reimbursement/Payment of Business Meal form (Attachment B) must be attached to all food receipts. The form may also be found by going to <http://www.tamtu.edu/adminis/purchasing/documents/BusinessMealForm.pdf> . A local account must be used for all food purchases. If a receipt is misplaced the cardholder must fill out the Supplemental Documentation/Missing Receipts Form- <http://www.tamtu.edu/adminis/purchasing/documents/Form-ProCardSupplementalDocumentationMissingReceipts.pdf>

** All Maintenance & Repair (5510 through 5545) purchases must be for the service of actual repair cost, **do not include maintenance agreements.**

*** These include the following; pens, pencils, binders, cups, tote bags, shirts, etc.

The State of Texas Comptroller has defined “**controlled assets**” as facsimile machines, stereo systems, cameras, video recorders, televisions and projectors. These items, if less than \$500, are not considered “controlled assets” by the state and may be purchased with the ProCard if not restricted above. Items costing more than \$500 **must** be purchased through requisition to the Purchasing Department. Firearms/ammunitions and cash registers for any amount are controlled assets and **may not** be purchased with the ProCard. If you need further clarification regarding controlled assets please call the Purchasing Department at 326-2343.

Receiving Supplies

It is your responsibility to ensure receipt of goods and to follow up with vendors to resolve any delivery problems, discrepancies and/or damaged goods. A copy of the charge slip, sales receipt or any other information related to the purchase must be kept.

A vendor’s entry system usually prints an automatic invoice with the processed order. Instruct the vendor not to send the invoice to the Accounts Payable Department but directly to the individual cardholder making the purchase (this will prevent duplicate payments to vendors). If a purchase is made via mail or telephone, ask the vendor to include the receipt with the goods when shipping the products.

Expense Report and Documentation

The cardholder is responsible for submitting the Expense Report.

The credit card transactions **must** be reconciled thru Citibank’s website (<https://home.cards.citidirect.com/CommercialCard/Cards.html?classic=2>) immediately after the closing of the billing cycle. **The following documentation is required to be retained and submitted with the Expense Report:**

- Sales receipts
- Credit card receipts/slips
- Other information or correspondence related to the purchase
- Credit receipts
- Reimbursement/Payment of Business Meals Form

If a receipt is unattainable the cardholder must fill out a form for each missing receipt. The form that must be filled out is the Supplemental Documentation/Missing Receipts Form.

Reconciliation

The cardholder must use Citibank’s GCMS website to log in and reconcile. **Any discrepancies identified will be promptly investigated with the documentation of action taken and recorded as an attachment to the log. It is the cardholder/department’s responsibility to resolve all discrepancies.**

Transactions require the approval of both the cardholder and their immediate supervisor. Under no circumstances will both the purchaser and approver be the same person. In the case of purchases made by Vice Presidents and the President, the following approval will be followed:

Cardholder Signature Line

President

VP for Finance & Administration

Provost & VP for Academic Affairs

VP for Institutional Advancement

Department Head Signature Line

VP for Finance & Administration

Provost & VP for Academic Affairs

VP for Finance & Administration

President

Audit of Expense Report

The Expense Report, along with the supporting documentation become official records and will be maintained in the Business Office in accordance with the University’s record retention schedule. The records for the ProCard purchases will be required when Texas A&M International University is audited. These records may be audited by the Texas A&M International University Fiscal Office, Purchasing Department, Texas A&M University System auditors, or state auditors.

Transactions on completed Expense Reports, after being submitted to the Purchasing Department, will be audited to ensure compliance to ProCard guidelines. Expense Reports that are inaccurate will be returned to the department for correction. Instances of noncompliance will be reported by the Purchasing Department to the appropriate VP for corrective action.

Statement and Payment

A statement for each cardholder will be available by logging into your account on the Citibank website. Citibank will mail one summary billing to the Program Administrator listing all transactions during the period by cardholder. The Business Office will pay the summary billing in full. Payment is required within 14 (fourteen) days to Citibank. The Texas Government Code requires that the Business Office audit all vouchers before they are submitted to the State Comptroller’s Office for payment.

Purchasing Card Payment

Employees do not pay their own monthly statement. The program does not affect your credit rating in any way. The Purchasing Card Program carries corporate and individual liability.

Returns, Credits and Disputed Charges

Should a problem arise with a purchase item or charge every attempt will be made by the cardholder to first resolve the issue directly with the supplier. Review of statements is vital to ensure the account is properly credited for returns, credits, and disputed charges. The returned, credited, or disputed item **must** be noted on the Purchasing Card Expense Report.

- **Returns:** If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking or handling fee for returns. All returns should be indicated on the Expense Report.
- **Credits:** If an item is accepted as a return by the supplier, a credit for this item should appear on the following month’s statement. All credits should be indicated in the expense report.

- **Disputed Charges:** If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated in the Expense Report. Copies of all correspondence with the vendor must be kept as documentation. A cardholder is responsible for the security of the ProCard and the transactions made with it. ProCards must not be shared, it forfeits your dispute rights with Citibank.

If a cardholder cannot resolve a disputed item directly with the vendor, the cardholder should contact Citibank directly and follow dispute procedures as instructed. Please visit https://www.globalmanagement.citidirect.com/sdng/static-11.1.5.02/citigroup/en_US/help/advanced/user_guides/A.pdf for steps to dispute a charge.

Card Termination

If it is found that a cardholder has not used the ProCard for three consecutive accounting periods (3 months), this card may be revoked at the discretion of the Program Administrator.

When a cardholder terminates employment with the University, the cardholder has the specific obligation to return the ProCard to the Purchasing Department prior to the employee's termination date. All paperwork for transactions pending the closing of the cycle must be submitted to the Program Administrator.

Multiple notifications to a single department for insufficient budgets by the Business Office may result in revocation of all department cards.

Noncompliance with State and University purchasing procedures will be grounds for revocation of cards of individual cardholders and if continued may result in revocation of all of the division's or departmental ProCards.

ATTACHMENTS

Attachment A - Cardholder Purchasing Card Agreement

Attachment B - The Texas A&M University System Policy - Participation by Historically Underutilized Business

Attachment C - The Texas A&M University System Regulation- Contract Administration Procedures and Delegations

**TEXAS A&M INTERNATIONAL UNIVERSITY
PURCHASING CARD AGREEMENT**

Texas A&M International University is pleased to present you with this purchasing card. It represents trust in you and your empowerment as a responsible agent to safeguard and protect company assets.

I, _____, hereby acknowledge receipt and training on the **Texas A&M International University** MasterCard Purchasing Card, my card number: _____ (last 8 digits). As cardholder, I agree to comply with the terms and conditions of this Agreement and the purchasing card procedures.

I acknowledge receipt of said Agreement and confirm that I have read and understand their terms and conditions. I understand that **Texas A&M International University** is liable to Citibank & MasterCard for all University charges.

I agree to use this card for **Texas A&M International University** approved purchases only and agree not to charge personal purchases. I understand that **Texas A&M International University** will audit the use of this card and report any discrepancies.

I further understand that improper use of this card may result in disciplinary action, up to and including termination of employment. I agree to reimburse the University for any cost not associated with the University, even if I am no longer employed by the University.

I understand that **Texas A&M International University** may terminate my right to use this card at any time for any reason. I agree to return the card to **Texas A&M International University** immediately upon request or upon termination of employment.

CARDHOLDER:

Signature: _____ Date: _____

Print Name: _____

Department: _____ Extension: _____

APPROVAL:

Signature: _____ Date: _____

Print Name: _____ Phone: _____

25.06 Participation by Historically Underutilized Business

Approved February 27, 1995 (MO 44-95)
Revised September 26, 1997 (MO 181-97)
Revised September 23, 1999 (MO 226-1999)
Revised November 30, 2000 (MO 203-2000)
Revised September 28, 2001 (MO 212-2001)
Revised August 1, 2008 (MO 235-2008)
Reviewed September 23, 2011
Next Scheduled Review: September 23, 2016



Policy Statement

This policy establishes the Historically Underutilized Business (HUB) Program for The Texas A&M University System (system). The scope states the system's intent to make a good faith effort, directs system members to appoint a HUB coordinator/director and maintain a HUB Program, adopts current state rules and regulations, and requires HUB participation updates to the Board of Regents (board) by the chancellor.

Reason for Policy

This policy complies with Section 2161.003, Texas Government Code, which requires that "A state agency, including an institution of higher education, shall adopt the commission's rules under Section 2161.002 as the agency's or institution's own rules."

Procedures and Responsibilities

1. It is the policy of the system to involve qualified HUBs to the greatest extent allowed by law in the system's construction contracting, professional services, and purchase, lease or rental of all supplies, materials, services and equipment. The system, its contractors and subcontractors shall not discriminate on the basis of race, color, religion, national origin, sex, disability, political belief or affiliation in the award of contracts. Every system employee responsible for conducting business with outside vendors has the responsibility of making a good faith effort of ensuring that HUBs are afforded an equitable opportunity to compete for all procurement and contracting activities of the system.

2. The system member chief executive officer (CEO) will designate an employee as HUB coordinator or director who will have responsibility for implementing all programs dealing with HUB activities for that member and for carrying out the policy as published in the online System Policy and Regulation Library. The chancellor will designate a HUB manager

for the system. The system HUB manager will provide coordination for the system and support the activities of the members' HUB coordinators/directors.

3. The system adopts the rules as specified in 34 Tex. Admin. Code Part 1, Chapter 20, Subchapter B, relating to the HUB Program for application to all construction projects and purchases of goods and services.
4. The chancellor shall report to the board annually on the progress made by the system and each system member in the participation by HUBs.

Related Statutes, Policies, or Requirements

[Tex. Gov't Code Ch. 2161, Historically Underutilized Businesses](#)

[34 Tex. Admin. Code Part 1, Ch. 20, Subch. B, Historically Underutilized Business Program](#)

Appendix

More information regarding the State of Texas and the system's HUB Program, including system members' HUB coordinators/directors contact information, can be found at <http://hub.tamus.edu>.

Member Rule Requirements

A rule is not required to supplement this policy.

Contact Office

Office of HUB & Procurement Programs
(979) 458-6413

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](#)

[System Policy 25.07, Contract Administration](#)

[System Policy Series 33.99, General Employment](#) (See applicable regulations)

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

Office of the Chief Business Officer
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