

**ADMINISTRATIVE PROCEDURES**

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| **40.11 Contracting Procedure**  | **Revised: February 1, 2023** |

1. GOVERNING REGULATIONS

The contracting process is governed by A&M System Policy [25.07](http://policies.tamus.edu/25-07.pdf) Contract Administration, A&M System Regulation [25.07.01](http://policies.tamus.edu/25-07-01.pdf) Contract Administration, Delegations and Reporting, Rule [25.07.99.F1](http://tfsfinance.tamu.edu/modules/finance/admin/rules/250799F1%20Contract%20Administration.docx) Contract Administration and Administrative Procedure [01.02](http://tfsfinance.tamu.edu/modules/finance/admin/admin_procedures/0102%20Contracting%20Delegations.docx) Contracting Delegations.

2. DEFINITIONS

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

2.2 Contract Administrator – Department head, manager, chief or designated representative responsible for ensuring that a contract is processed through the appropriate administrative channels for reviews and approvals, as indicated in Administrative Procedure 01.02 Contracting Delegations.

2.3 Vendor – A supplier of goods or services to the state.

2.4 Independent Contractor – An individual or sole proprietor (federal tax classification on the vendor’s form W-9) service provider who satisfies the criteria for independent contractor on the [Employee/Independent Contractor Classification Checklist](http://tfsfinance.tamu.edu/modules/finance/admin/procedures/Employee-Ind%20Contractor%20Classification.docx). An independent contractor may use either a Social Security Number or an Employer Identification Number.

3. CONTRACT ADMINISTRATOR RESPONSIBILITIES

A contract administrator may not authorize a vendor, including an independent contractor, to proceed nor approve payment until the contract is fully executed (signed by all parties).

When a contract administrator determines the need for a contract, he/she must do the following:

1. Contract Initiation, Approval and Execution

Contact the Purchasing Department Head for assistance with developing or reviewing the contract . The Purchasing Department Head will also identify any purchasing requirements and ensure they are properly handled.

3.2 Contract Administration

After a contract has been fully executed, the Contract Administrator’s responsibilities include, but may not be limited to, the following:

* Verify that the vendor, including an independent contractor, complies with all the terms and conditions of the contract.
* Ensure that any required certificates of insurance are received, reviewed and retained.
* Ensure that all goods and/or services are received in accordance with the contract specifications.
* Submit invoices to Accounts Payable in accordance with agency procedures for processing of payments to vendors.
* Ensure that all revenue generated pursuant to the terms of the contract is paid to the agency.

3.3 Contract Close-Out

Purchasing Department staff will notify the Contract Administrator 30 days prior to the expiration of a contract and the Contract Administrator will inform them of the need to extend or renew the contract.

3.4 Contract Reporting

Sponsored project agreements (grants and contracts) may require the agency to submit reports to the grantor at various intervals throughout the term of the agreement. Contract Administrators will prepare summaries in intervals required in the agreement and submit them to the Grants Administrator for submission with other required reports to grantor.

4. PURCHASING DEPARTMENT RESPONSIBILITIES

4.1 Review contracts for compliance with applicable State, A&M System and agency requirements.

4.2 Coordinate with agency and A&M System staff, as required.

4.3 Assist with contract development and negotiations, as required.

4.4 Obtain appropriate signatures on contract.

4.5 Maintain central file and database of fully executed contracts.

5. STANDARD CONTRACT FORMS

Standard contract forms approved by the A&M System Office of General Counsel are used whenever possible and are maintained by the Purchasing Department Head. The use of standard contract forms is subject to procedural requirements outlined in this procedure.

6. INDEPENDENT CONTRACTORS

6.1 Prior to contracting for services with an individual or sole proprietor, the Contract Administrator must complete the Employee/Independent Contractor Classification Checklist and forward it to the Purchasing Department Head for review and signature.

6.2 The agency may not contract with an individual or sole proprietor who meets the criteria for an employee, but may initiate procedures to hire the individual through the normal employment process. See Administrative Procedure [10.11](http://tfsfinance.tamu.edu/modules/finance/admin/admin_procedures/1011%20Employment%20Procedures.pdf) Employment Procedure.

6.3 The agency may contract with an individual or sole proprietor who meets the criteria for an independent contractor. A copy of the completed Employee/Independent Contractor Classification Checklist must be included in the official contract file.

6.4 Prior to contracting with an independent contractor, the requesting department must contact the Payroll and Support Services Department to verify that the independent contractor has not been employed by the A&M System within the past 12 months. The agency may not contract for service with an independent contractor who has been employed by the A&M System within the past 12 months. A copy of the response from the Payroll and Support Services Department must be included in the official contract file.

6.5 A copy of the Employee/Independent Contractor Classification Checklist must be included with the invoice transmittal to Accounts Payable.

6.6 If the independent contractor will provide a consulting service and has been employed by any agency of the State of Texas within the previous 24 months, the independent contractor must provide a written statement disclosing the nature, date of termination and annual rate of compensation for the prior employment. If the independent contractor has not been employed by the State within the previous 24 months, the independent contractor will provide a signed statement to that affect. A copy of the independent contractor’s statement must be included in the contract file.

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