

SYSTEM REGULATION

25.07.01 Contract Administration Procedures and Delegations

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 02, 2005

Supplements System Policy 25.07

1. GENERAL

System Policy 25.07 specifies the types and values of contracts that must be approved by the Board of Regents (BOR), those which may be approved by the Chancellor or designee, and those which may be approved by component Chief Executive Officers (CEOs) or their designees. The policy requires that component contract administration procedures be updated annually and that the revised procedures and delegations be reported to the Chancellor and the BOR.

2. DELEGATIONS BY THE CHANCELLOR

2.1 CEOs are hereby delegated the authority to approve contracts not in excess of \$200,000 that are not otherwise reserved for approval by the BOR, as described in System Policy 25.07, Paragraph 6, and to subdelegate such authority at their discretion.

2.2 The Chief Financial Officer for the System is authorized to approve contracts to the extent such authority is delegated by the BOR 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 must be submitted to the Board of Regents 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 Manual. This section does not abrogate the authority of the Chancellor or the CEOs to appoint component officials as set out in System Policy 01.03.

3.1.1 "Administrator" means 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.

3.1.2 An employment contract under this section may not: (1) provide for employment for more than three years; (2) allow 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) allow for development leave that is inconsistent with System Regulation 12.99.01; or (4) award tenure in any way that varies from the institution's general policy on the award of tenure.

4. CONTRACT ADMINISTRATION PROCEDURES

4.1 Contract administration procedures will be prepared by each System component, in the format distributed by the System Office of Policy Implementation and Compliance, and will indicate for each type of contract which CEOs are authorized to approve (1) the type of contract, (2) typical routing for departmental review of documents, and (3) authorization to execute contracts of \$0 to \$200,000.

4.2 Component contract administration procedures will be updated annually at the beginning of each fiscal year. Revised procedures will be submitted to the Office of Policy Implementation and Compliance who will review the procedures, resolve any discrepancies, and compile a report for submission to the Chancellor and the BOR.

4.3 Mid-year revisions to contract administration procedures, including the addition of contract types not addressed in procedures previously submitted, will be approved by the component CEO and reported to the Office of Policy Implementation and Compliance 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 BOR, those which may be approved by the Chancellor, and those which may be approved by the CEO or designee:

5.1 Contracts reserved for BOR approval (more than 5 years and/or \$300,000, certain real estate contracts, certain employment contracts or contracts with firms in which a Board member is director or owns stock, as described in 25.07, Paragraph 4)

- (1) Components' contract administration procedures
- (2) CEO recommends approval
- (3) General Counsel reviews
- (4) Vice Chancellor reviews
- (5) Chancellor recommends approval
- (6) BOR approves

5.2 Contracts reserved for Chancellor's approval (\$200,000 to \$300,000)

- (1) Components' contract administration procedures
- (2) CEO recommends approval
- (3) General Counsel reviews
- (4) Vice Chancellor recommends approval
- (5) Chancellor approves

5.3 Contracts covered in components' contract administration procedures (including those at \$200,000 or less as delegated by the Chancellor in Paragraph 2 above)

- (1) Unaltered contracts approved by General Counsel in last three years (Yearly renewal/standardized contracts)

Approval in accordance with contract administration procedures

- (2) Contracts greater than \$50,000 not covered in 5.3(1)

- (a) General Counsel reviews
- (b) Approval in accordance with contract administration procedures

- (3) Contracts \$50,000 or less not covered in 5.3(1)

- (a) General Counsel review or contract review short form
- (b) Approval in accordance with contract administration procedures

- (4) Contract form provided by vendor

- (a) Attach contract addendum form
- (b) Approval in accordance with 5.3(1), 5.3(2), or 5.3(3)

5.4. Contracts not covered in components' contract administration procedures

- (1) Send to BOR as shown in System Policy 25.07, Paragraph 4(5), or
- (2) Add contract type to component contract administration procedures under paragraph 4.3 above, and then approval in accordance with contract administration procedures

6. LEGISLATIVE BUDGET BOARD CONTRACT REPORTING REQUIREMENTS

- 6.1 All contracts using either appropriated or non-appropriated funds (including an amendment, modification, renewal or extension) 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 Legislative Budget Board (LBB) within 10 days of execution.

6.2 All other contracts, except purchase orders and interagency contracts, that exceed \$50,000 (including an amendment, modification, renewal or extension) that are to be paid in whole or in part with appropriated funds must be reported to the LBB within 10 days of execution. These contracts should be categorized as "other" when reporting to the LBB.

CONTACT OFFICE: Office of Policy Implementation and Compliance

HISTORY: Last Version: January 16, 2004

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