

**DATE:** December 14, 2006

**TO:** Executive Committee Members, Assistant Vice Presidents, Chairs, Directors and Department Heads, Assistants to the Deans and Vice Presidents, and Departmental Administrators

**FROM:** Harry S. Lynch, Jr.  
Executive Vice President for Business Affairs and Chief Financial Officer

## **Business Affairs Bulletin No. 02 - FY 2007**

### **SUBJECT: Processing and Record Retention of Financial Contracts**

The U. T. System Board of Regents has delegated to each component institution's Chief Executive Officer the authority to execute certain contracts on behalf of the Board, so long as those contracts conform to the UT System Office of General Counsel (OGC) requirements. Our Chief Executive Officer, Dr. Cigarroa, has delegated the authority to the Executive Vice President for Business Affairs (EVPBA) to execute and deliver contracts of any kind or nature including contracts for the purchase of equipment and services; contracts or agreements with UT System Administration or among UT institutions for resources or services; space lease agreements; contracts for banking services; contracts for institutionally managed construction; and agreements that grant an interest in intellectual property.

The UT System *Business Procedures Memorandum (BPM) 48-01-06 "Processing of Contracts"* outlines procedures for processing contracts and provides a summary of contracts requiring Board of Regents approval and those contracts requiring special procedures. The Office of Legal Affairs and the Office of the Executive Vice President for Business Affairs are responsible for ensuring institutional compliance with *BPM 48* and will determine whether institutional contracts require approval by the UT System Office of General Counsel (OGC) and/or the Board of Regents.

In an effort to centralize our storage and record retention of financial contracts, Business Affairs is implementing the document imaging of financial contracts beginning with contracts executed for FY 2007. The document imaging system will be managed by the Purchasing Department.

The guidelines in this Bulletin are intended to serve as the UTHSCSA internal contract processing procedures and to ensure that fully executed contracts are maintained in the centralized document imaging system.

#### **General Guidelines**

Contracts are approved and signed by various Executives of the institution in accordance with the institutional "Delegation of Authority" approved by the President. See the matrix in Attachment A for a summary of current contract approval delegation, routing, and record retention.

Contracts and agreements with a financial impact to the institution, except as noted below, will be maintained in the centralized document imaging system within Business Affairs.

Contracts and agreements forwarded to the Office of Legal Affairs or the Executive Vice President for Business Affairs for review and execution should be reviewed by the department Chair or Director. The contract should be transmitted to the EVPBA or Legal Affairs with an indication that the general terms of the agreement have been reviewed and are acceptable by the department.

Every attempt should be made to obtain the signature(s) of the other contracted parties before the contract is submitted to the EVPBA for signature on behalf of the UTHSCSA. In the event that the other contracting party requires the signature of the UTHSCSA representative first, please indicate so in your transmittal memo. The department will be responsible for providing the fully signed and executed original to the Office of the Assistant Vice President for Business Affairs for record retention.

### **Contract Execution Procedures**

Procedures for execution of common financial contracts are as follows:

#### **Contracts for the Purchase of Goods and/or Services**

The Purchasing Department is responsible for developing contract agreements for the procurement of goods or services to ensure that all applicable laws, regulations and policies have been followed as outlined in the *Handbook of Operating Procedures Chapter 6.7 – Purchasing*.

Once the applicable procurement regulations have been followed and the contract is ready for review and execution, the Purchasing Department will utilize the General Procedure Contract Checklist (Attachment B) to ensure that elements of the contract are properly reviewed and comply with UT System and State regulations.

The Purchasing Department will negotiate and finalize applicable contract terms with the vendor and will forward the contract to the Office of Legal Affairs for review as to legal form. If the contract is a “Special Procedures Contract,” as defined by UT System **BPM 48-01-06**, the contract will be forwarded to the Office of Legal Affairs for special handling and UT System OGC review.

After legal review and UT System OGC review (if required), the Purchasing Department will obtain acceptance and signature of the contract from the vendor and forward the contract to the Executive Vice President for Business Affairs for acceptance and signature on behalf of UTHSCSA.

The Office of the EVPBA will forward the original, signed and fully executed contract to the Office of the Assistant Vice President for Business Affairs to be imaged in the centralized document imaging system and a copy will be sent to the originating department.

#### **Space Lease Agreements**

Space lease agreements should be negotiated and processed in accordance with the institutional **Business Affairs Bulletin No. 01 – FY 2005 “Lease of Building Space”** and UT System **BPM 05-10-05 “Processing of Space Lease Agreements.”** The EVPBA will accept and sign all lease agreements on behalf of the UTHSCSA.

The Office of the EVPBA will forward the original, signed and fully executed space lease agreement to the Office of the Assistant Vice President for Business Affairs to be imaged in the centralized document imaging system and a copy will be sent to the originating department.

### **Revenue Generating Contracts or Other Contracts with Financial Impact**

Contracts that are revenue generating, revenue sharing, and other contracts with financial implications, including those that grant an interest in intellectual property, should be reviewed by the Office of Legal Affairs to approve the legal form of the contract and determine whether the contract should be reviewed by the UT System OGC. For contracts that grant an interest in intellectual property, review by the Office of Technology Ventures is also required.

If changes are necessary as determined by the Office of Legal Affairs or the Vice President for Research, the contract will be returned to the originating department to accept the changes and obtain acceptance and signature of the contract from the contracted party. Once the 2<sup>nd</sup> party to the contract has executed the contract, the contract should be forwarded to the Executive Vice President for Business Affairs for acceptance and execution on behalf of UTHSCSA.

The Office of the EVPBA will forward the original, signed and fully executed contract to the Office of the Assistant Vice President for Business Affairs to be imaged in the centralized document imaging system and a copy will be sent to the originating department.

If the contracting party requires signature of the UTHSCSA representative first, the department should forward the original, signed and fully executed contract to the Office of the Assistant Vice President for Business Affairs after all signatures have been obtained.

### **Sponsored Program Contracts**

Delegation of authority to execute and deliver contracts or proposals for sponsored research rests with the Vice President for Research. These proposals, contracts and agreements are administered by the Office of Sponsored Programs (OSP) and will be maintained by OSP. **These contracts will not be imaged in the centralized imaging system at this time.** You should continue to route your proposals, agreements and contracts in support of sponsored research to the Office of Sponsored Programs for review, approval and handling.

Approval authority, routing, and record retention for other contracts and agreements not specifically described above are noted in Attachment A of this bulletin.

If you have any questions regarding the processing and record retention of financial contracts, please contact Andrea Marks, Assistant Vice President for Business Affairs, at 2-6284 or [marksa@uthscsa.edu](mailto:marksa@uthscsa.edu).

**Please disseminate this information to your departments and divisions as you deem appropriate.**

Attachments (2)