

## CONTRACTS

### Objective:

To determine if the department has the proper procedures in place to ensure compliance with contracting requirements, the contract is signed by a UHD employee authorized to commit the University to a contractual agreement and the contract is fully executed with all required documents in place prior to the initiation of the scope of work.

### Potential Impact:

Employees may subject the University to unauthorized commitments as well as negative public opinion. Additionally, employees may subject themselves to disciplinary action and expose themselves to personal liability.

### Helpful Tools:

- UH System Administrative Memorandum:  
[C03.A.05 - Contract Administration](#)
- UH – Downtown Policy Statement:  
[Financial Affairs – 05.A.06 - Contract Administration Policy](#)
- UHD Website:  
[The Contract Compliance and Administration](#)
- Other:  
[Contract Administration Training PowerPoint](#)

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### Frequently Observed Weaknesses/Deficiencies:

- Failure to follow policies and procedures regarding contract processes
- Unauthorized employees signing contracts on behalf of UHD
- Failure to utilize a contract when warranted by the nature of the service provided
- Contracting with an individual who has been employed by the UH System during the past 12 months
- Contracting with a vendor who has been placed on “Hold” by the State of Texas
- Failure to ensure a fully executed contract exists prior to providing or receiving services
- Failure to invoice/timely payment of invoice according to contract terms
- Failure to maintain file of fully executed contracts within the department for reference

### Best Business Practices:

1. Designate an individual with the responsibility to oversee all contract processes

2. Ensure employees involved in the contracting process attend training and are aware of [UHS /UHD](#) contract policies and procedures
3. Review UHD's "[Contract and Compliance Administration](#)" website
4. Periodically communicate to employees that only [designated employees](#) (Those delegated contract signature authority in writing by UHD's President on an annual basis) may obligate UHD in a contractual agreement
5. Ensure all contractual documents have been reviewed and approved by the Office of General Counsel
6. Ensure all revenue contracts are reviewed by the Office of General Counsel
7. Ensure a contractual agreement is executed when warranted by the nature of the services to be provided (See "[When is a Contract Required](#)")
8. Ensure contracts are finalized prior to providing/receiving service
9. Review contracts periodically to ensure current rates/fees are accurate/appropriate and all terms and conditions are being met
10. Ensure invoices are paid accurately and timely
11. Ensure lapsing contracts are renewed on a timely basis, and reviewed/revised/updated prior to renewal
12. Ensure the Contract Administration Office receives and original signature or electronic copy of the fully executed contract/contract amendments
13. Keep a copy of the fully executed contract/agreement within the department for reference and audits

**Case Scenario:** I need to get a contract signed within the next few days, but the dollar value of the contract has requirements that will not allow me to do that. Can I just divide the contract into smaller portions and avoid the requirements altogether?

**Case Scenario Answer:** No. Policies and requirements are put into place to maintain compliance with laws and regulations as well as prevent problems that have been identified in previous audits. Subdividing the scope of work to circumvent requirements violates University policies and the spirit of the laws. A single contract should reflect the entire scope of work desired from the contractor. The appropriate requirements should be met and the contract should be fully executed (by all parties) before any work begins.

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This questionnaire is designed so that “no” answers indicate that an internal control weakness may exist and the procedure/process may need to be examined in greater detail. When such weaknesses are identified, a change in the process may be necessary OR a control may need to be put into place to address the weakness. The appropriate UHD contact office (as outlined in the self-assessment text) may be contacted for assistance with identified weaknesses.

Self-Assessment of Internal Controls for Contracts	Yes	No	N/A	Comments
Are employees familiar with the policies and procedures regarding contracts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do employees involved in the contracting process attend the contract training sessions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is a “contract” used when services warrant it?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do employees verify that the vendors are “Open For Ordering” (i.e., does not own monies to the State of Texas)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do employees verify that the contractor is not currently employed in the UH System and has not been employed by the UH System in the past 12 months?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is the full value of the contract for the desired scope of work reflected in one contract document/package?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do all contracts, agreements, memorandums of understanding, etc. meet UHD’s contracting policies and procedures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have all non-standard contracts been reviewed and approved by the Office of General Counsel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Have all revenue contracts been reviewed and approved by the Office of General Counsel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are the contracts signed by persons authorized in writing by the President of UHD to enter into contractual agreements for the University?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are contracts fully executed by all parties with all required documents in place prior to providing and/or receiving service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Are terms and conditions of the contract(s) being met?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Is invoicing processed timely and in accordance with contract terms?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Has an original/digital signature fully executed contract	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

package been forwarded to the Contract Administration Office?				
Are fully executed original signature contracts kept on file within the department for reference?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

This is a living document and will be updated as revisions are necessary. Periodically, you may want to check for updates and revisions. We welcome any questions and feedback regarding the information contained in this tool including any comments regarding how this may be more useful and effective.