



Contract Compliance Training



Department Personnel

Reporting to and part of the Office of
General Counsel (OGC)

- Sylvia Salinas
Manager, System Contract Compliance
- Nydia M. Villarreal
Administrative Assistant I



Contract Interpretation

- All questions regarding proper contract use or interpretation of contract terms and conditions must be directed to the Office of Contract Compliance/Office of General Counsel.



Legal Opinions vs. Contract Compliance

- A request for a legal opinion must be made in writing and made through your Vice Chancellor or College President to the General Counsel or Associate GC.
 - Examples- Questions on LSCS policy interpretations, laws, personnel issues, etc.
- Questions regarding contract compliance can be e-mailed to Sylvia Salinas.
 - Examples- When is a contract needed, which contract should be used, is an amendment needed, etc.



When is a contract needed?

Goods vs. Services

- Any time the system is receiving a service, a contract is needed to govern that service
- Under most circumstances, if we are purchasing goods only, a contract is not needed and a Purchase Order will be issued by the Purchasing Dept.
- Under most circumstances, if we are obtaining a good and a service, a contract is needed.



Step 1:

COMPLETE PROPER PROCUREMENT

- Contract cannot be executed until proper procurement has been performed and approved
- Work cannot begin prior to a fully executed contract
- Invoices must not be back dated to avoid issues – personal & institutional liability



Step 2: Choosing a Contract Form LSCS Standard Form vs. Nonstandard Form

- Must decide between the two forms
 - Standard forms are agreements that have been created and pre-approved by the Office of General Counsel
 - We prefer to use our Standard Forms because they provide the most protection to LSCS
 - Choose One. Not Both.
- Standard Form
 - Can be obtained from the Manager of System Contract Compliance or on our website
- Nonstandard Form
 - Are provided by the Vendor, Contractor, Other Party



Contract Compliance website

<http://www.lonestar.edu/contract-compliance.htm>



Contract Compliance website Contract Documents section:

The screenshot shows a Windows Internet Explorer browser window with the address bar displaying <http://www.lonestar.edu/11792.htm>. The page content is as follows:

All Contracts submitted to this office should include a [Contract Coversheet](#)

- [Contract Coversheet](#)

Expense Contracts, that are Non-Standard Contracts should include the following:

- [Alternative Dispute Resolution Clause \(ADR\)](#)

Standard Forms explained in Section IV. C. of [Procedures Policy Manual](#)

Contact this office for guidance as to which document is appropriate to use.

The Training link on this website has a list of our scheduled trainings. Please take a look and see if one of our trainings will work with your schedule.

To help you understand what each agreement is for: [Descriptions of Standard Agreements](#)

Standard Forms:

- [OGC-S-2009-04 Independent Contractor Agreement For Transactions \\$5,000 And Above](#)
- [OGC-S-2009-05 Independent Contractor Agreement For Transactions Up To \\$5,000](#)
- [OGC-S-2009-07 Health Occupations Affiliation Agreement](#)
- [OGC-S-2009-18 Purchasing Agreement For Goods And Services](#)
- [OGC-S-2009-19 Speaker Agreement](#)
- [OGC-S-2009-20 Performer Agreement](#)
- [OGC-S-2009-24 Honorarium Authorization Form](#)
- [OGC-S-2009-16 Study Abroad Participant Agreement](#)
- [OGC-S-2009-17 Rider To Transportation Agreement](#)

The browser's taskbar at the bottom shows the Start button, open applications (Microsoft PowerPoint, Contract Documents), and system tray icons including the clock showing 3:34 PM.



Standard Forms – Approved by OGC

Some of the More Frequently Used Agreements:

- **Independent Contractor** – Up To \$5,000 and \$5,000 And Above
An Agreement wherein a company or individual is providing a basic service, such that a more formal agreement is not required. Generally speaking, an independent contractor is not directly supervised by the System and can determine the best method and control the manner in which to complete the service.
- **Honorarium**
A professional or famous person symbolizes respect, esteem, or admiration and is addressing a conference or an event. An agreement where at the discretion of LSC, compensation is given to the professional for their time and travel expenses if any, and is not a fee charged by the professional.



Standard Forms – Approved by OGC

- Speaker

An agreement compensating an individual giving a speech or lecture.

- Performer

An agreement compensating a performer such as an actor, musician, artist, entertainer, etc...

- Purchasing for Goods and Services

This agreement may be used anytime goods are procured in conjunction with a service; for example: catering, events, movers, etc...



Standard Forms – Approved by OGC

- Health Occupations Affiliation

Allows students to attend clinics and/or hospitals as part of the LSCS programs curriculum. The hospital and LSCS faculty work together to develop a program for the students participating in the facilities.

- Facility Use

An agreement allowing an outside party to use the LSCS facilities, in accordance with Board policy.

- Participant Release and Indemnification

A generic release to protect the system to be signed by students participating in a System sponsored event which may be dangerous or pose a risk. Should cover most activities a student will engage in.

- More to come as needed



The Process: Standard Form


- Obtain the Standard Form from our website
- Fill in the blanks in the contract accurately.



Accurately Describe Services

- Statement of Services – Example:
 - Vendor is suppose to deliver a copier to LSCS
- Statement of Services should state:
 - What date will it be delivered and what time
 - What building and room number will the copier be delivered to
 - Make sure the date of delivery includes the vendor will setup the copier

Form No. OGC-S-2009-18



Purchasing Agreement for Goods and Services

This Agreement is entered into between the Lone Star College System for and in behalf of LSC - _____ ("LSC") and _____ ("Contractor") for the purpose of defining the services being offered to the LSC.

- 1. STATEMENT OF SERVICES TO BE PERFORMED** (attach detailed description if necessary):

- 2. COMPENSATION:**

LSC shall compensate Contractor in the amount of \$ _____, plus reasonable travel and other business-related expenses (when applicable; upon submission of receipts) not to exceed \$ _____, for a total payment not to exceed \$ _____.

Contractor shall submit detailed invoices describing the services rendered, charges, and the total amount due. LSCS will make payment within 45 days of receipt of proper invoice.

A IRS W-9 form must be completed by Contractor and attached to this Agreement.
- 3. TERMS OF THE AGREEMENT:**
 - a. Services are to begin on _____ and will terminate on _____.
 - b. All applicable laws, regulations, and LSC policies and procedures relative to conduct on LSC premises shall govern the services provided under this Agreement.
 - c. Contractor agrees to indemnify and hold harmless LSC from any claim, damage, liability, injury, expense, or loss arising out of his/her performance under this Agreement.
 - d. This Agreement shall be construed under the laws of the State of Texas, and venue in any action brought hereunder shall be in Montgomery County, Texas.
 - e. Contractor certifies that he/she is not currently employed by LSC. If Agreement provides for consulting services (as defined): Contractor certifies that he/she has not been an employee of LSC during the previous twelve (12) month period.
 - f. This Agreement constitutes the sole agreement of the parties and supersedes any other oral or written understandings or agreements and may only be amended in writing. This Agreement is not assignable.
 - g. LSC or Contractor can terminate this Agreement in writing at any time with _____ days notice. LSC shall only be liable for payment of services and expenses incurred prior to termination.



Process: Standard Form Continued

- Send two contracts unsigned to the other party and request for signatures
- When both are returned, if no changes are made to the standard form have the proper signatory sign for LSCS
- Once all signatures are in place forward one original to the other party, and keep the 2nd original for your file
- ❖ **Note:** *If changes were made by the other party, send to our office for review, after our review we will return to originator to obtain proper signatures & continue with the above process.*



Process of Non-Standard Contracts



Complete and Submit Proper Documents

Documents to be submitted to our office with a Non-Standard contract:

- Internal Document
 - Need one (1) copy of Contract Coversheet completely filled out
- Need two (2) copies of each
 - Contract itself
 - Alternative Dispute Resolution Clause
 - All Exhibits, Attachments



Contract Coversheet, example:

Standard Form Approved by the Lone Star College System
Office of General Counsel


LONE STAR COLLEGE SYSTEM

Contract Coversheet and Approval Form

Office of the General Counsel
5000 Research Forest Drive • The Woodlands TX 77381 • (832) 813-6508

General Information

LSCS Department: Office of General Counsel

Contact Person: April Dahl Title: Paralegal

Telephone: 832-813-8867 Email: april.dahl@lscs.edu

Campus: LSC-S Room No.: 1058-2438

Summary of Contract Terms

Contract With: ABC Painting and Carpet Company

Contractor Contact Person: John Doe

Contractor Address: 555 ABC Street

Contractor Phone: 713-555-5555 Contractor E-mail: john.doe@abccontracting.com

Contract Description: Paint the walls, ceiling, and trim in Sylvia Salinas' office and install new carpet in Brian Nelson's office.

Provide a clear synopsis of the goods/services/materials that will result by entering this agreement.

Contract Term: Start: 7/1/09 End: 7/1/09

Total Amount of Contract: \$2800.00

Official Authorized to Sign: Riad Khey, Senior Vice Chancellor/CDO

Identify who will sign contract on behalf of the LSCS (pursuant to Board policies - Note the OGC must have a delegation of a specific authority on file. (Name & Title)

Certification

Complete all requirements and initial (only if applicable) indicating compliance before submitting the agreement and required supporting documentation to the Office of General Counsel.

Responsibility: I have primary responsibility for the contract, from inception to completion of the transaction.

Original Contracts and Signatures: At least two (2) complete, original sets of all contract documents (for facilities) are attached and original signatures from all contracting parties will be obtained before the beginning date of the contract.

Complete Contract Package and Deal Acknowledance: 1) The contract and all documents that are incorporated by reference in the agreement, including exhibits and appendices are attached and 2) All such documents have been read and agreed to in their entirety by designating department and any faculty and staff members who have obligations under this contract.

Contracting Party: The name of the contracting party is stated as the Lone Star College System or its component institutions (e.g., Lone Star College, Lone Star College Montgomery), and is not a department, program or person.

Competitive Bid: This is an expense contract and I confirm that the proper procurement method has been used providing the best value to LSCS. (See Board Policy Section II D.434).

Standard Form of Agreement: The contract form was created by LSCS's OGC and changes have been made. I have highlighted those portions of the agreement in the attached memorandum.

Confirmation of LSCS Employees With Responsibility for Receipts, Contract Terms and Conditions are Met

I have read this contract carefully. I am satisfied with its description of the goods and services to be provided to the System (including, for example, warranties, delivery terms, acceptance period and maintenance terms). I am also satisfied with the description of the System's obligations (including, for example, scope of work, payment due dates, late charges, tax changes, insurance and confidentiality requirements) and all other provisions of the contract, except as noted in any attached memorandum. A memorandum to it if it is not, (initial only) attached. I acknowledge responsibility to ensure that all good faith efforts are employed in seeing that all terms, conditions and responsibilities of the contract are met.

Name: John Doe Signature: [Signature] Date: 7/1/09
(Signature of contract who certifies that the requirements listed above have been met)

Title: Paralegal

Name: Riad Khey Signature: [Signature] Date: 7/1/09
(Official with delegated authority to enter into contracts on behalf of the System)

Title: Senior Vice Chancellor/CDO

Note: Marking of this Form requires approval of OGC

Office of the General Counsel
Contract Coversheet
OGC, 5-2008-15
Page 1 of 1



Alternative Dispute Resolution Form

For all Non-Standard Agreements, submit the Alternative Dispute Resolution (ADR) clause with the contract.



Complete and Submit Proper Documents

Contracts

- On the contract itself, please make sure all of the form fields are properly filled in
 - This includes the Notice provisions, if included in the contract
- Read the Contract
- Make sure it fits your business needs.

Form No. OGC-S-2009-04

8. **Default.** A party will be considered in default of its obligations under this Contract if such party should fail to observe, to comply with, or to perform any term or condition, contained in this Contract and such failure continues for ten (10) days after the non-defaulting party gives the defaulting party written notice thereof. In the event of a default, the non-defaulting party, upon written notice to the defaulting party, may terminate this Contract as of the date specified in the notice, and may seek such other and further relief as may be provided by law.

9. **Termination for Convenience.** LSCS may terminate this contract at any time LSCS determines that the purposes of the distribution of State moneys under the Contract would no longer be served by completion of the project. LSCS shall effect such termination by giving written notice of termination to Contractor and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, studies, surveys, drawings, maps, models, photographs, and reports or other material prepared by the Contractor under this Contract shall, at the option of LSCS, become its property, and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory services and supplies delivered. If the contract is terminated by the College as provided herein, Contractor will be paid an amount which bears the same ratio to the total compensation as the services satisfactorily performed bear to the total services of Contractor covered by this Contract, less payments of compensation previously made, provided, however, that if less than sixty percent (60%) of the services covered by this Contract have been performed upon the effective date of such termination, Contractor shall be reimbursed (in addition to the above payment) for that portion of the actual out-of-pocket expenses (not otherwise reimbursed under this Contract) incurred by Contractor during the Contract period which are directly attributable to the uncompleted portion of the services covered by this Contract. In no event shall reimbursement under this clause exceed the Contract amount. If this Contract is terminated for cause, or due to the fault of Contractor, the Termination for Cause or Default provision shall apply.

10. **Notice.** All Notices and communications regarding this agreement must be in writing and directed to the following representative:

For LSCS

For Contractor

With a copy to:
Office of the General Counsel
5000 Research Forest Drive
The Woodlands, Texas 77381

With a copy to:

11. **Miscellaneous:**

- This document constitutes the sole agreement of the parties and supersedes any other oral or written understanding or agreements.
- This agreement may not be amended or otherwise altered except upon the written agreement of both parties.
- This agreement is not assignable without the express written agreement of both parties.
- The provisions of this Agreement are severable.
- This Agreement shall be construed under the laws of the State of Texas, and venue in any action brought hereunder shall be in Montgomery County, Texas. The dispute resolution process provided for in Chapter 226D of the Government Code shall be used as further described herein, by the College and Contractor to attempt to resolve any claim for breach of Contract made by Contractor.
- By executing this Agreement Contractor certifies that, upon the effective date of this Agreement, either: (1) it is not delinquent in payment of State of Texas corporate franchise taxes; or (2) it is not subject to the payment of such taxes. Contractor further certifies if he/she is a child support obligor, he/she is no more than 30 days delinquent in paying child support.



A Note:

- *A non-standard contract should never be fully executed (with signatures in place) before it comes to our office for review*
- *A fully executed agreement defeats the purpose of having it legally reviewed because LSCS has already committed to the terms*



Complete and Submit Proper Documents

What to look for in the Non-Standard Contract:

- Payment Provisions
 - Should Be specific
 - Good example: (see standard agreements)
 - “This contract is not to exceed \$10,000. Payment will be made according to detailed and specific invoices submitted by Contractor. LSCS will make payments within 45 days of receipt of such invoices.”
- Bad examples:
 - “as invoiced”
 - “payment of \$10,000”

Form No. OGC-S-2009-19



Speaker Agreement

This Agreement is entered into as of _____ between Lone Star College - _____ (“LSC”) and _____ (“Speaker”).

In consideration of the mutual promises and agreements of the Parties hereto, as hereinafter set forth, it is agreed as follows:

Speaker: _____
Title of Presentation: _____
Date(s): _____
Time(s): _____
Location(s): _____
Additional Terms: _____
Total Compensation: _____
Check Payable To: _____

Any terms unfilled may be cause for renegotiation or non-payment. Either party may terminate this Agreement with _____ days written notice. Speaker is an independent contractor and not an agent or employee of LSC.

A IRS W-9 form must be completed by Speaker and attached to this Agreement.

Speaker agrees to indemnify and hold harmless LSC from any claim, damage, liability, injury, expense, or loss arising out of Speaker’s performance under this Agreement.

This Agreement shall be construed under the laws of the State of Texas, and venue in any action brought hereunder shall be in Montgomery County, Texas. The LSC and Speaker acknowledge that any dispute pertaining to this Agreement shall be governed by Texas Government Code Section 2260.

LONE STAR COLLEGE - _____ SPEAKER

Signature	Date	Signature	Date
Name: _____	_____	Name: _____	_____
Title: _____	_____	Title: _____	_____
Business: _____		Address: _____	
_____		_____	



Complete and Submit Proper Documents

What to look for in the Non-Standard Contract Cont:

- Statement of Services
 - This is what the contract is about. This is the good/service LSCS is purchasing or providing
 - It should be as detailed as possible
 - Do Not assume the other party knows what is expected of them



Office of Contract Compliance - Duties

Once all has been submitted correctly:

- Review the contract and any attachments for compliance
- Submit contract and suggestions to Counsel for approval
- Once approved, we will route to the originator to forward to the vendor for signature.
- Thereafter, the originator will forward to proper signatory to sign for LSCS



Office of Contract Compliance - Duties

When we receive a Fully Executed Agreement back we will:

- Make sure each contract has proper signature authority and is signed by both parties
- Our office will retain one original, the other party will retain second original, and the department will keep a copy



Proper Signature Authority

- Only certain designated individuals may bind LSCS
 - Chancellor for less than \$100,000
 - Vice Chancellors and Presidents for less than \$50,000
 - The form “Delegation of Authority To Associate Memorandum” can be filled out by a Vice Chancellor, or President giving authority to a staff member for less than \$25,000
 - This form can be access at our website under the Policy & Procedures section
- If you sign a contract without obtaining proper signature authority you may be personally liable



To: _____
Title: _____

From: _____
President, Lone Star College - _____


Date: _____

Subject: Chancellor's Delegation of Authority to approve and execute Contracts not specifically required by Policy, by Law, or those Contracts approved by the Board of Trustees - LSCS Policy Manual Section III – Business Services, D.2.04- Delegation of Authority

This memorandum is in accordance with LSCS Policy Manual Section III – Business Services, D.2.04 Delegation of Authority from the Chancellor to LSCS Vice Chancellor's and LSCS Presidents. Signature authority has been delegated to me from the Chancellor for all Contracts (as defined by LSCS Board Policy D.2.01 (a) and not otherwise excluded by LSCS Board Policy or Texas law) that are less than \$50,000. Signature authority is hereby further delegated to you for Contracts that are less than \$_____ within your area of responsibility. This delegation also includes your approving for payment all invoices within this delegation limit relating to Lone Star Corporate College transactions.

Please understand that this delegation of authority will continue as an employee of the Lone Star College System unless modified (re-delegated, rescinded, determined not to be needed) at the sole discretion of the Chancellor. Further, this delegation, your approval and execution of contracts is subject to and limited by (i) existing and/or future Board of Trustee policies, and (ii) review and approval as to legal form by the LSCS General Counsel.

Cc: Brian Nelson, General Counsel

APPROVED AS TO FORM BY: 
BRIAN S. NELSON
GENERAL COUNSEL
LONE STAR COLLEGE SYSTEM
Digitally signed by Brian Nelson
DN: cn=Brian Nelson, o=Lone Star
College System, ou=Office of the
General Counsel, email=Brian.S.
Nelson@lonestar.edu, c=US
Nelson is the author of this
document.
Location: The Woodlands, Texas
Date: 2000.07.28 12:06:21 -05'00'



The Duties of Each Department

- Carefully Read and Understand the Obligations of the Contract
- The Office of Contract Compliance does not determine if each contract is a “good” business decision, but simply reviews each contract for compliance with the law and LSCS policy
- The LSC signatory is accountable for the business terms
- Please let our office know if you have concerns about any terms in the contract and why



Board Contracts

- A contract for an expense of \$100,000 or more must go to the Board for approval and Chancellor signature
- Any purchase for more than \$50,000 requires a RFP
- The Purchasing department will forward the contract to our office for review, and if needed, to create the agreement
- Once our review is complete we forward to Purchasing to obtain vendors signatures.
- Once Purchasing has obtained signatures they will forward the agreements back to our office for our General Counsel approval
- OGC obtains the Chancellor and the Board signatures at the Board meeting.



Modifying or Amending a Contract

- Once a contract has been fully executed by both parties, the only way to change the terms in the contract is by an amendment
- An amendment must be in writing and signed by both parties
- The amendment must be fully executed BEFORE the original contract expires
- If the new amount and the original amount now goes over \$100,000 it must go to the Board for approval

**FIRST AMENDMENT TO THE
JANITORIAL SERVICES AGREEMENT
BETWEEN
LONE STAR COLLEGE SYSTEM
AND
FACILITY SERVICES**

This Amendment, effective the ____ day of October, 2010, by and between the Lone Star College System (hereinafter, "LSCS"), a public junior college system pursuant to Section 130.004 of the Texas Education Code, and Facility Services (hereinafter "Contractor").

WHEREAS, LSCS and Contractor entered into that certain Agreement for Janitorial Services on February 4, 2010 (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement as set forth herein.

NOW THEREFORE, it is hereby acknowledged, understood and agreed by and between parties that:

1. The first sentence of Section 4, is deleted in its entirety and replaced with the following: "For the services to be provided hereunder, LSCS shall pay Contractor a fee not to exceed Thirty Thousand Dollars (\$30,000.00) for the first year."
2. Notwithstanding anything in the Agreement to the contrary, LSCS, upon written notification to Contractor, may change the services provided by Contractor from "Light Janitorial Services" to "Full Janitorial Services" or from "Full Janitorial Services" to "Light Janitorial Services" for the specific floors and/or buildings set forth in the written notice. The services will be provided at the applicable Square Footage Pricing set forth in the Agreement.

All other terms and conditions stipulated in the Agreement shall remain in force and fully applicable to this Amendment. In the case of any conflict between this Amendment and the Exhibits, this Amendment will govern. In the case of any conflict between this Amendment and



Modifying or Amending a Contract: The Process

- Submit new Contract Coversheet
- Submit two Amendments (if using vendor's amendment form)
- Submit a copy of the Original Agreement and, if applicable, any previous amendments
- Our office will continue with the above process



A Note:

- A Grant Subcontract, or sub-grant, typically results from a grant proposal, SOW, MOU or Local Contract from another agency which has specifically identified the participation of LSCS. A Subcontract is sent after the granting institution has received their grant award funding. If the Contract is bound by terms of a grant award, then it is still considered a Grant Subcontract.
- The Subcontract needs to be submitted to the Resource Development & Administration Office (RDA) for review.



Time Frames for Processing

- Generally, all contracts should be submitted for processing to our office by a minimum of 30 calendar days prior to the effective date/start date of the contract
- We will endeavor to process as quickly as possible. Approximately 150 contracts are processed per month.
- Our goal is a five (5) business day turnaround.
- Our office will e-mail you when it receives the contract request and when the contract has been approved.



Any Questions?