

Policy – Contract Administration

Issuing Office

Chief Financial Officer

Affected Parties

This Contract Administration Policy applies to all employees of Liberty University, Inc. (the "University").

Authority

Pursuant to the Procurement, Contract, and Signature Authority Policy ("Procurement Policy"), the President and Chief Financial Officer of the University delegated contracting and procurement administration authority to the Chief Procurement Administrator ("CPA"). The CPA manages the University's Procurement and Payment Services Department ("Procurement") in accordance with the Procurement Policy. The CPA and Procurement are responsible for enforcing this Contract Administration Policy, "Policy".

Policy Language

The Procurement Policy sets forth authorities, delegations and thresholds to ensure all contracts and procurement procedures align with the University's mission and reflect responsible stewardship.

This Policy sets forth the standards and instructions to be adopted by the University to implement these authorities.

All contracts require the review and approval from Procurement. University divisions and departments are strongly encouraged to collaborate with the Office of Legal Affairs ("Legal Affairs") early in the procurement process for legal counsel and advice on all innovative and/or complex requirements, but especially for University Contracts that involve legal or regulatory compliance issues.

At the discretion of Procurement, Legal Affairs reviews may be required for any contract where legal advice is needed.

This policy applies to the initial contract and to every amendment, renewal or extension of such a contract. Examples of University contracts include, but are not limited to: agreements for the purchase, lease, or rental of goods or services; construction; deeds; nondisclosure agreements; independent contractor agreements, consulting agreements, agreements that set terms for acceptance for gifts; a sale, lease, or donation of University goods or services; liability waivers; clinical service agreements; athletic agreements; settlement of disputes; licenses; memoranda/letters of understanding or cooperation; contracts with hotels, convention centers or other facilities which require a written agreement; instructional agreements; assignment of the right of a person, group, or agency to use the University's name, logo or resources; etc.

Guidelines:

No employee of the University is empowered to incur or make another party incur any obligation or make any commitment on behalf of the University for the purchasing of goods or services, verbal or written, except as provided under this Policy or as delegated by the President or CFO.

Requestor Responsibility

The requesting activity initiating the contract is responsible for reading the contract entirely and determining that:

1. Competition requirements have been met (see Purchasing Policy in [Procurement Document Library](#))
2. The contract language is clear and consistent, and accurately reflects the current state of negotiations.
3. The contract meets programmatic requirements and the mission of the University.
4. The requirement does not duplicate capabilities already in existence and available within the University.
5. The contract fully represents the entirety of the requirement; ill-defined scopes of work and incomplete contract language lead to scope creep and increase financial risk to the University.
6. The contract is fully funded. Contract requests will be returned to the requestor in BuyLU if there is no approved funding.
7. They can ensure compliance with the obligations the agreement places on the University.
8. They have consulted with all divisions or departments affected by the contract, and the contract terms have been approved by the appropriate department head.

Timing and Coordination

1. Departments must consider the level of effort that is required for Procurement to adequately review and negotiate a contract for a product or service. Planning to incorporate negotiations, conditional reviews, and approval lead times is critical in ensuring that needs are met to support the mission.
 - a. Departments should plan on a minimum of 30 days for the Contract review process to be completed – IT Contracts or those requiring extensive negotiations typically take longer.
 - b. Departments submitting contracts with short review timelines, should proactively reach out to the Contract Services team to ensure a full understanding and impact of the requirement. Although emergency and unforeseen circumstances arise, routinely rushing through contracts can lead to additional costs, poor-performing suppliers, and risk to the University.
2. University divisions and departments are encouraged to reach out to Risk Management early in the process for the Certificate of Insurance (“COI”) requirements. Insurance requirements have been established by the University’s [Risk Management Department](#). Exceptions or further questions regarding insurance requirements may be directed to the Director of Risk Management.
3. For Independent Contractor Agreements (“ICA”), departments and University divisions must initiate the process through Human Resources (“HR”). An [Independent Contractor Questionnaire](#) must be completed by the Department and approved by HR before the ICA is submitted to Contracts for review. This requirement is based on federal and state laws that have IRS implications.
4. Letters of Intent (LOI) and Notices to Proceed (NTP) are considered contractual documents and fall under this policy. If an LOI or NTP is required, the department must coordinate with Procurement

early to determine the most appropriate workflow to execute these documents. Depending on the scope and scale of the requirement, coordination with legal counsel and the CFO may be required.

5. All contracts exceeding \$100,000 require a final signature by the CFO; additional guidance on signature authorities can be found in the Liberty University [Signature Authority Policy](#).
 - a. All Construction contracts require the review and approval of the CFO.
 - b. Contracts exceeding \$1,000,000 require the approval of the President.
 - c. Contracts exceeding \$2,000,000 require the approval of the President and the CFO.
 - d. Contracts exceeding \$5,000,000 require the review and approval of the Board's Budget and Finance Committee; approvals will be routed through the CFO for submission to the committee.
6. Legal Affairs must review and approve the following contracts prior to submitting them for BOT, President and/or CFO approvals:
 - a. Contracts, renewals, or amendments exceeding \$1,000,000.
 - b. All construction agreements regardless of value, except Legal Affairs approved templates.
7. It is the responsibility of the Department seeking to enter negotiations to contract with a supplier to coordinate with other stakeholders who may be directly or indirectly implicated in the performance of the contract. A List of potential stakeholders can be found in the Purchasing Policy.
8. Using a University authored contract and agreement template is preferred. If a vendor will not accept LU's contract format, and there are no other vendors to fulfill the requirement, then the department is to be careful not to commit or imply that any terms and conditions within are acceptable; these terms must be reviewed and approved through Contract Services.

Term limitations

1. The maximum allowable term for any contract (except for leases which may have longer terms under the Board of Trustees Signature Authority Policy - including options for renewal – without requiring additional Board approvals, is five (5) years.
 - a. Long-term arrangements can provide for better pricing but can also limit University flexibility. Be careful in locking in the University to long-term arrangements without sufficient termination flexibilities or options for renewal.
 - b. It is best practice to ensure that a multi-year contract includes a termination for convenience clause to provide the University with a way out of the contract prior to the end of the term.
2. Proper planning should be considered when agreements are coming to the end of their term; a solicitation (re-compete) of these requirements is required unless renewal terms are stated in the original agreement. Renewals will not be permitted without competition unless an exception to competition applies.
3. Auto renewal terms are not acceptable. All renewals must be included in a contract as an option with a defined notification period. (E.g. "Liberty University shall have the option to renew for twelve (12) month successive terms with a 60-day prior written notice.")

4. Be mindful of annual price increases that exceed 2-3% - industries vary. In general, if a supplier increases pricing by more than 5% a year then consider re-competing.
5. Note: Having a Master Purchasing Agreement ("MPA") in place with a vendor does not negate the competition requirement for each project or service unless it was competed.

Contract Documentation and Storage:

All Contracts and related supporting documentation, unless exempted by the President and/or CFO, shall be digitally stored in the BuyLU Contracts module. This allows for appropriate document retention standards, accessibility, and auditability.

When submitting a Contract Review Request be sure to attach the following documentation:

1. Contract Agreement with all the Terms and Conditions (links are not acceptable forms of documents).
2. Substantive supporting documents, exhibits, updated quotes, proposals, emails, and notes that help provide context for the decision.
3. Competition Bid matrix or signed Sole Source Justification Form as applicable.
4. Construction agreements must be submitted on a university approved template document or in coordination with Legal Affairs advice.

Policy Rationale

Procurement establishes and maintains policies and procedures for the acquisition and payment of goods and services to ensure legal and ethical business agreements and safeguard University resources through a system of internal controls.

Definition of Glossary Terms

This policy uses the term '**contract**' to mean any agreement, written or oral, that creates an obligation, right, or liability for Liberty University. An agreement may be a binding contract even though one party provides something of value to the other party at no charge.

Procedural Information

Procedures

Contract Services, under Procurement, provides contract review and oversight for University contracts.

Submission:

1. A contract should only be submitted for "Approved" suppliers. If it is unknown whether a supplier is approved, please validate in the [BuyLU Supplier Management module](#).
2. A copy of a vendors Certificate of Insurance, if applicable.
3. The original copy of any contract proposal and/or document that contains terms and conditions should be attached to the Contract Request Form in BuyLU Contracts. Include any supplementary information to support the contract as an attachment to the contract at the time of submission.
4. Renewals must be submitted for review at least 30 days prior to the need-by date or start date. If there is a Master Agreement (MPA, MSA, etc) in accordance with the renewal or quote, please make sure the Master Agreement is referenced on the quote as the governing terms. (E.g." The terms of the Master Agreement entered into by the Parties on (date) will govern this quote.")
5. If the value of the contract exceeds \$15,000, the requestor must provide either a Competition Bid Matrix or a Sole Source Justification Form showing it was properly competed. The document must be attached to the contract request as supporting documentation.
6. The requestor and/or other department subject matter experts should be available to support negotiations and make department decisions regarding changes to requirements and/or risk. This is especially important when an "Urgent" contract request is submitted.
7. Status and comments regarding the contract review process are available in BuyLU Contracts to facilitate the contract review process.

Prioritization of Contract Reviews:

To support an appropriate prioritization of the contract review process, and to effectively implement a risk assessment and mitigation strategy for contract reviews, we have set the below standards for categorization of reviews. Requestors will select one of these priorities during the contract review request. The requestor will be required to describe how the requirement meets these standards and the impacts of the requirement if Critical or High is selected.

Critical – assigned to those actions, regardless of dollar value, that if not processed efficiently and effectively would: (and/or)

1. Put at risk, life, health, or safety of the staff, faculty, or students.
2. Disrupt the critical function of the University or academic program(s); and/or
3. Endanger the preservation or protection of property.
4. Negatively impact the primary mission and/or reputation of the University – failure to meet publicized initiatives, timelines, etc.
5. Create a security risk based on data/privacy/network.
6. As directed by the Chief Procurement Administrator.

High – assigned to those actions, regardless of dollar value, that if not processed efficiently and effectively would: (and/or)

1. Impact the execution of strategic goals/vision of Executive leadership – when expressly stated.
2. Degrade the execution of Division/Departmental goals and timelines -- when expressly stated.
3. Disrupt operations aligned to academic year, athletic seasons, or critical path projects.
4. As directed by the Chief Procurement Administrator.

Normal – assigned to all other contracts.

1. Processed on a first in first out basis.
2. Processed in accordance with required delivery date and/or start of period of performance.

Contact Execution:

1. After a contract has successfully been through the review process and is ready for signature, the Contract Services team will initiate approvals through the established contract workflow in BuyLU. Once the contract approval workflow begins, the requestor will be notified to submit a requisition.
2. If a financial obligation to the University is a part of the contract, a requisition must be submitted for the full value of the obligation. This should be done once the Contract Services team notifies you that the contract is proceeding through the approval workflow. This amount should match the Total Contract Value. For multi-year contracts you must encumber the total financial obligation for the full term upfront on the requisition.
3. Once the requisition is submitted, it will go through the requisition approval workflow process. When it reaches the procurement pending queue, the Contract Services team will attach the signed contract to the requisition.
4. The original signed contract will be submitted to the vendor by the Purchasing Services team along with the purchase order. It cannot be released to the vendor until the purchase order has been processed. Contract records are available in the BuyLU contracts module.

Contract Administration and Oversight:

1. It is the department's responsibility to monitor the delivery of items or the performance of a contracted service. Departments may not ask the vendor to perform tasks not already part of the contract or purchase order, in essence obligating the University. This would be considered a violation of the Liberty University Signature Authority Policy.
2. If a change to a contract is required, departments should submit a request for modification in the BuyLU contracts module.
3. Departments are required to submit an annual Supplier Performance Scorecard on vendors who have a purchase order and/or contract with a value of more than \$250,000 or has a service that is 12 months or more in term length. Procurement will send a request to submit a performance review for these contracts to the requestor. Departments can [request](#) to submit performance scorecards on any vendor with whom they do business, at any time, on behalf of the University.

Sanctions:

It is a violation of this Policy to sign, accept (whether orally or in writing), or perform or cause to perform any contract before it is administratively reviewed and approved, and may result in the individual being subject to damages and disciplinary action, including termination of employment.

Exceptions:

As provided under this Policy or as delegated by the President and/or CFO.

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