



Procurement and Sourcing Services

Effective Date:	February 2, 2010
Last Update/Revision:	January 15, 2018
Initiating Department:	Legal Counsel
Responsible Department:	All Departments
Authorizing Person:	Legal Counsel
Policy Number:	P1010

Policy Name: Contract Development, Review and Approval

Purpose: This policy establishes guidelines for developing University contracts; reviewing contracts; and designating University personnel, authorized to sign contracts on behalf of the University. The policy is designed to ensure timely and appropriate formulation, and internal review of contracts and leases entered into by Long Island University.

Policy:

Type of Agreements and Contracts:

Contracts and leases generally involve the purchase of goods and/or services. Depending on the type and scope of the contract, the contract itself may have been preceded by a [Request for Proposal \(RFP\)](#) and both the RFP and the contract may require review and revision by the Finance Office and/or the Office of University Counsel.

All University contracts for goods or services must be reviewed and approved by the University Counsel and the Vice President for Finance, and may be signed only by the Vice President for Finance or the University President. ([see Signature Authority Policy, P1025](#))

In addition to contracts for goods or services, University agreements include academic and clinical affiliations with third party organizations; the purchase, sale or lease of real property; University license or facility use arrangements; research commitments; articulation or exchange agreements involving the transfer of credits; special services such as immunization clinics or sports campus; entertainment, theatrical or speaking engagements; student events, consultancy and independent contractor contracts, and so forth.

[Contract Review:](#)

Contracts in any of the following categories **MUST** be reviewed by the Office of University Counsel before signature:

1. For goods or services (including 'maintenance' agreements) in excess of \$5,000 per year;
2. When total anticipated costs exceed \$25,000 over the term of the contract;
3. For any use of University's facilities or property (including media access);
4. For the use of University intellectual property, (trademarks and logos; copyrighted material);
5. When the University must provide indemnification or insurance to an outside party;
6. When the members of the University community are engaging in high-risk activities; or may be exposed to high risk situations (e.g. overseas travel, reality TV, construction);
7. The lease, purchase or sale of real estate;
8. The University provides off-campus educational programs;
9. Construction projects;
10. Software and information technology contracts, or
11. Consultant services.

This Policy Applies to:

All Departments

Procedure:

To expedite the procurement process, the University has developed a series of contracts for use when the goods or services in question require total payments in excess of \$5,000, or \$25,000 for construction work. The [Contract Index](#) lists all University Contracts that are included for review in the PSS database.

A [Bid/Contract Matrix](#) has been developed as an aid to assist departments in choosing the correct agreement that governs the specific service.

Some situations will require modification of a University form or approval from the operational area's University Officer or Director. For example, the Vice President for Academic Affairs authorizes academic affiliations and off-campus course offerings; if a financial account is needed to receive or distribute funds, the Vice President for Finance also must approve. The Office of Sponsored Research approves agreements funded by public or private grants that require substantive work by investigators at LIU or elsewhere. Campus Facilities manage architectural, general contracting, engineering and other services for construction, renovation, maintenance and alteration projects for the University.

In other situations, a University contract may not suffice. Whenever a vendor or third party proposes a new agreement or lease, it **must** be reviewed by Counsel's Office to ensure that all necessary provisions are included, and that risk is not inappropriately transferred to LIU. The review process for contracts requiring review by Counsel's Office, the Finance Office or Risk Management should be started at least one (1) month before the anticipated effective date.

The types and level of insurance coverage required by the University's contracts and indemnification riders have been determined by the University's Risk Manager, Counsel and the Vice President for Finance, but may be modified to fit the circumstances of a particular engagement. Indemnification provisions establish the circumstances in which parties to the contract will hold each other harmless, should a claim or suit arise out of the transaction, activity or services specified in the contract. ([see Vendor Insurance Requirements Policy](#))

All agreements – whether a University contract or not – must be signed by an authorized representative of the vendor, certificates of insurance produced and the agreement reviewed and formally approved by the appropriate University officials **BEFORE** any work, the delivery of goods or services, or the usage of any University facilities may commence.

Contract Process:

1. The first step in initiating a contract whereby goods or services are being procured by the University is to determine if bids are required. To make that determination, review the terms mentioned above or contact Procurement and Sourcing Services (PSS) for assistance. If a lease is being considered, the department and PSS must additionally work with the Finance Office to determine if a lease or purchase is the better financial option for the University to entertain. After conducting the [bid process](#) (if necessary), a vendor is selected and a contract for product/services is initiated. Departments are encouraged to first offer the Vendor one of the preferred University contracts.
2. A discussion concerning the intended business arrangement should take place with Procurement and Sourcing Services with respect to agreements relative to the expenditure of funds, and the Associate Vice President for Budgets with respect to any agreements relative to the receipt of revenue by the University. Those individuals will assist with contract language/format, and clarify, if required, the contract review process. Any and all proposed contracts or leases must be forwarded to the Office of the General Counsel with a completed [Contract Checklist and Approval Form \(CAP\)](#). The checklist incorporated in this form will assist in ensuring (i) that all relevant and necessary contract provisions have been incorporated into the draft document; and (ii) that the contract has been reviewed by the appropriate individuals. The [Standard Contract Administration Process](#) has been developed to provide additional guidance. (see also [Contract Processing Flow Chart](#))
3. Upon completion of its review, the Counsel's Office will forward the contract to the appropriate Vice President (or Provost if under \$25,000) for signature. Only the Vice President for Finance and the Vice President for Legal Services may enter into and sign any contracts or leases for goods or services valued at \$25,000 or more. Agreements involving the expenditure or receipt of more than \$250,000 may only be signed by the President. ([see Authorized Signature Policy](#))
4. All contracts forwarded for review will be logged and tracked in the Office of the Vice President for Legal Services. Contracts without a completed contract checklist and approval Form will be returned without review.
5. Fully executed contracts and leases will be kept on file in Procurement and Sourcing Services.

Exceptions:

Equipment service agreements. The University uses a third party management firm (the Remi Group) to manage our equipment maintenance. Departments may call Procurement and Sourcing Services for assistance in this area.

Forms:

[LIU Contract Index](#)
[Bid /Contract Matrix](#)
[Contract Approval Form \(CAP\)](#)