Contract Management Policy

Unit: Procurement Services
Effective Date: 10/22/2020
Revision Date: 

Contact: Kevin Stevens
Title: Executive Director of Procurement Services

Purpose
The purpose of this policy is to define the parameters through which a University contract might be created; describe the necessary administrative review and approval process; and designate who, within the University, is authorized to negotiate and execute those contracts. This policy will provide a consistent procedural framework to ensure all contracts receive the appropriate departmental review and approval prior to execution. The intention is to protect University resources and ensure compliance with the laws of the State of Alabama; Board of Trustee bylaws, rules and regulations; and University policy formally promulgated after express delegation from the Board.

Policy
All contracts, which shall include contract amendments and contract renewals, binding The University of Alabama must be executed in a manner consistent with the laws of the State of Alabama and within University policies and procedures. The process must be consistent, transparent, efficient and promote sound financial decisions that represent the core values and beliefs of the University.

This policy establishes the framework for the creation, review, approval, execution and management processes related to contracting.

General Requirements

- **Legal Name:** The Board of Trustees is the entity that contracts on behalf of The University of Alabama. The correct legal title for contracting purposes is, The Board of Trustees of The University of Alabama, a public corporation and constitutional instrumentality of the State of Alabama by and through The University of Alabama, Tuscaloosa, Alabama.

- **Authorized Signature:** As per Board Rule 406 I, only those individuals authorized by Board resolution may sign contracts on behalf of the University.

- **Countersignature:** As per Board Rule 406 II, contracts submitted by senior administrators are subject to an internal countersignature process requiring a second signature by an administrator of at least equal or greater authority. Contracts originated by the President should be counter-signed by the Chancellor.

- **Competitive Bidding:** Contracts for labor, services, work or for the purchase or lease of materials, equipment, supplies, personal property or other non-professional services exceeding $15,000 in total value are subject to bid per Code of Alabama §41-16-20 (1975) unless approved by the Purchasing Department as a sole source. This process is governed by the University’s Purchasing Policy.

- **Vendor Disclosure Form:** A Vendor Disclosure Form, as defined by Board of Trustees Rule 406 IV. must be submitted for all contracts over $5,000 and all Professional Service Agreements regardless of the amount. This form allows proposed vendors to disclose any known conflicts of interest on the part of any University officials involved in the contract or benefitting from the contract.

- **Board of Trustee Approval:** In accordance with Board Rule 406 V and VIII, Contracts for goods or services of $1,000,000 or more not procured through a competitive process; consulting or professional service contracts of $250,000 or more regardless of whether a competitive process was involved; technology not included in the annual technology plans, as well as upgrades and expansions that exceed $750,000 in individual expenditures in
a fiscal year using funds from any source; and, in accordance with Board Rule 415, purchases or leases of individual items of equipment equal to $750,000 or more require Board of Trustee approval prior to execution. There is a timeline for Board approval submission. Please call Procurement Services for details.

**Contract Submission**
The proposed agreement must be submitted to Contract Management in an editable format with a detailed explanation of the purpose of the contract and why it is in the best interest of the University. All business terms of the contract including, but not limited to, start and end dates and cost should be filled in prior to submission.

Along with the proposed contract the requesting department must submit any other applicable documents relevant to, or referenced by, the agreement. These include previous contracts, proposed scope of work, terms and conditions, bill of sale, certificate of insurance, software information form, independent contractor form and order forms.

The requestor should be prepared to answer any follow up questions posed by Contract Management or any other campus stakeholders who review and approve proposed contracts.

**Contract Review**
Contract Management will ensure that the contract is reviewed and approved by the applicable campus stakeholders, including the Office of Counsel, and that the contract complies with Alabama law, Board of Trustee Bylaws, Rules and Resolutions and University policy formally promulgated after express delegation of authority from the Board.

Contract Management shall obtain the signature of the individual designated by Board Resolution as authorized to enter into a contract on its behalf. Additionally, Contract Management shall provide archive storage of electronic copies of all contracts executed through its department.

**Definitions**

**Contract:** An agreement between two or more persons or parties creating mutual obligations enforceable by law. A contract need not contain the word “contract” to fall within the legal definition. Other examples of contract titles include, “lease,” “release,” “agreement,” “order,” “waiver,” and “memorandum.” If a third party asks for a document to be signed, that document should generally be considered a contract.

**Amendment:** Changes to the original contract while the same is still active.

**Renewal:** An additional contract, issued at the completion of the original contract, for a new period as defined in the original contract.

**Professional Services:** As defined by Code of Alabama §41-16-21, services rendered by a member of a recognized profession or by one possessing a specialized skill. These customized services are generally acquired to obtain information, advice, training or direct assistance and are exempt from Alabama Competitive Bid Law. Common examples include: Lawyers, architects, guest speakers, engineers, artists and consultants.

**Sole Source:** Only one source exists for fulfillment of a contract. The Purchasing Department reviews and determines if a vendor is a sole source and the purchase is exempt from Alabama Competitive Bid Law.

**Scope**
This policy applies to all University faculty, staff and students who intend to contract for goods or services with an external party.

**References**

- Contract Guidelines
- Purchasing Guidelines
- Code of Alabama (1975): Article 2 – State Bid Laws
- Board Rule 406: Contracts on Behalf of the Board
- Board Rule 415: Planning and Management of Facilities and Other Capital Assets
Office of the Vice President of Finance and Operations

Signed: Cheryl Mowdy 10/22/2020

Cheryl Mowdy
Assistant Vice President for Finance and Operations