



UNIVERSITY OF RICHMOND

Policy Manual

Policy #:	FIN-4408	Policy Title:	Contract Management Policy
Effective:	07/01/2018	Responsible Office:	Business & Finance
Date Approved:	06/22/2018	Approval:	Executive Vice President & Chief Operating Officer
Replaces Policy Dated:	N/A	Responsible University Official:	Director, Strategic Sourcing and Payments

PURPOSE:

The purpose of this policy is to ensure that the University of Richmond manages the risk associated with legal agreements and safeguards its assets by providing clear direction to the University community.

SCOPE:

This policy applies to the University of Richmond, and its affiliates, unless an exemption has been granted by the Vice President and Chief Operating Officer, and entities utilizing funds administered by the University.

The policy applies to all binding contractual commitments made by or on behalf of the University of Richmond and/or its affiliates.

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POLICY STATEMENT:

This policy and the related policies referenced below must be followed when creating, approving, signing, and managing contracts.

FIN-4408.1 – Definitions

Contract

A contract is a binding commitment by or on behalf of the University that is in oral or written form, regardless of the title of the operative document or documents. For purposes of this policy, the term “contract” includes but is not limited to contracts, agreements, leases, memoranda of understanding (“MOU”), gift agreements, mutual aid agreements, settlement agreements, resolution agreements, letter agreements, and binding letters of intent.

Contract Management

Contract Management is the process of creating, negotiating, approving, executing, and implementing a contract. This includes ensuring that deliverables, deadlines and contract terms and conditions are met; addressing related problems; incorporating changes or modifications to the contract; and ensuring both parties meet their obligations under the terms of the agreement.

Contract Management System

The University’s Contract Management System (CMS) is the system of record for all University contracts. As of the effective date of this policy, the CMS uses the ESM Solutions contract management platform (ESM).

Contract Approver

The Contract Approver is the University employee responsible for approving or rejecting requests for contracts and contract terms and conditions that fall within the realm of their responsibility. Contract approvers are able to view, edit, create, and update contract information in the CMS and attach related documentation for their department or division. Contract approvers are also able to approve, reject, or put on hold contracts in the CMS. Contract approvers are responsible for reading and approving the terms of all contracts within their scope of responsibility.

Contract Manager

The University employee responsible for managing the ongoing relationship with the vendor including implementation, renewal, and support. This person is responsible for ensuring that the University’s rights and obligations under the contract are met. Contract Managers can view, create and submit contracts for approval, as well as update contract information and attach related documentation for their department or division.

Contract Requestor

The University employee who can create a contract record within the CMS and submit a contract for review.

Contract Signer

The University employee responsible for approving and signing contracts on behalf of the University, as defined in the University’s Delegation of Contract Approval and Signature Authority policy. These individuals are the only persons with the authority to contractually bind the University. They are able to view, edit, approve, reject and put on hold contracts within the CMS.

Vendor/Third-Party Contract Form

A vendor/third-party contract form is a contract written using a form provided to the University by a vendor or other third party that is written by a vendor, or another party, which may deviate from the University’s standard terms and conditions.

UR Contract Form/Template

A UR contract form/template is a contract written using a University' approved contract template or form. The University's approved contract templates are available in the CMS system.

Vendor

A vendor is the party with whom the University contracts to provide the goods and/or services identified in a contract.

FIN-4408.2 – Overview

The policy provides guidance on managing contractual obligations of the University of Richmond. All contractual obligations must be authorized at the appropriate level within the University, as identified by the University's Board of Trustees, the Executive Vice President and Chief Operating Officer and the Vice President and General Counsel. **This policy must be read in conjunction with the policies listed in the Related Policies and Procedures section of this document.**

FIN-4408.3 – Contracts

Not all University purchases require a written contract. However, when a written contract is required by either party, the contract must be reviewed and approved in compliance with this policy and the funding source must be clearly identified prior to contracting. An exchange of correspondence, including emails, can also create a binding contract. Individuals may contractually obligate the University only if they have been given specific authority as outlined in the *Delegation of Contract Approval and Signature Authority policy*.

1. All contracts must be in writing and signed by both the Contract Signer and the vendor in order to be fully enforceable.
2. The contract must list the legal name and address of the vendor and the terms must be clearly specified, *e.g.*, length of contract, cost, deliverables.
3. UR Contract Forms/Templates contain the University's standard terms and conditions and must be used to the fullest extent possible.
4. See section 4408.4 of this policy to determine when legal and/or risk management review of a contract is required under this policy
5. Contract approval and signature authority has been defined by the University and is outlined in the *Delegation of Contract Approval and Signature Authority policy*
6. UR Contract Forms/Templates are regularly reviewed and approved by the Vice President and General Counsel. Approved UR Contract Forms/Templates are available in the CMS.
7. Throughout the lifecycle of a contract, actions related to the terms and conditions of the contract must be noted and/or documented within the CMS by the Contract Manager.

This policy must be read in conjunction with the University's *Procurement Policy* and must be adhered to at all times

Under certain circumstances, a written contract may not be required in order to purchase goods or services. In the following instances, a contract is not required:

- Consortium Contracts – Purchases of goods or services made under a contract between a vendor and a consortium of which the University is a member do not require a separate contract between the University and the vendor.
- State Contracts – Purchases of goods or services made under a contract between a vendor and an agency of the Commonwealth of Virginia, which the University is entitled to use, do not require a separate contract between the University and the vendor.
- Outside Catering – Catering arrangements with an outside for on-campus events with a total value of \$5,000 or less do not require a written contract. All outside caterers, however, must be an approved vendor through Campus Services. See the Approved Dining and Events Vendors list at the following: <http://events.richmond.edu/events/index.html>.
- Restaurants – Group dinners under \$5,000 do not require a contract
- Outside Venue Reservations. Single room hotel reservations do not require a contract. However, when reserving a block of rooms, or event space and/or catering, a contract is required.

FIN-4408. 4 – Legal and Risk Management Review

1. Legal Review. Except as specifically exempted below, all University contracts must be reviewed by the Vice President and General Counsel or by outside counsel approved by the Vice President and General Counsel. The following contracts do not require legal review:

- Contracts written using a UR contract form/template, provided that there are no changes made to the terms and conditions of the UR contract form/template;
- Contracts written using a vendor/third party contract form when:
 - The total value of the contract is less than \$10,000,
 - The subject of the contract does not involve unique risks, including the risk of harm to individuals or damage to property,
 - The contract does not provide the Vendor with access to the University data, or
 - The contract does not involve the transfer or licensing of University intellectual property, including copyrights, patents, trademarks, word marks, or logos;
- Contracts with hotels or other event venues written using the vendor's standard form and which contain no unusual provisions shifting risk to the University.

University faculty and staff may contact the Vice President and General Counsel or her designee if they have questions about whether a contract requires legal review.

2. Risk Management Review. Contracts must be reviewed and approved by the University's Director of Risk Management under the following circumstances:

- The vendor seeks to reduce or modify the insurance policy types and coverage limits specified in a UR Contract Form/Template;
- The contract involves the purchase of any type of insurance or surety bond;
- The subject of the contract involves potential risk of harm to individuals or damage to property;
- The vendor seeks to include obligations on the part of the University to maintain specific insurance policies or coverage limits or requires the University to name the vendor as an additional insured on the University's insurance policies.

FIN-4408.5 – Signature Authority

Only individuals identified in the *Contract Approval* and the *Signature Authority* policies have the authority to approve and sign contracts on behalf of the University. This individual is legally obligating the University to perform under the terms of the contract.

This contracting authority differs from payment approval. Designated personnel who are in a position to know that the goods were received or the services were performed may authorize payments made under an appropriately approved contract.

FIN-4408.6 – Contract Management System

The University's Contract Management system is the official system for tracking the life cycle of all University contracts and provides a workflow for the approval of contracts based on contract type.

1. This system serves as the central repository for all University contracts and related documentation.
2. Authorized users are assigned roles within the system based on several factors, including job responsibility, as identified in the *Delegation of Contract Approval and Signature Authority policy*.
3. System access is provided only after a user has undergone CMS training.
4. This system shall be utilized for all University contracts.
5. A contract record for each contract must be created in the system at the beginning of the contract preparation process, according to the Contract Management procedures. All subsequent activity, including amendments and addenda, must be linked to this record in order to provide a complete history.
6. Departments are expected to upload current, active contracts that predate the system implementation, along with any related documentation, to the CMS.
7. The Contract Manager is responsible for ensuring the contract information is entered and the document and related supporting documentation is uploaded.

FIN-4408.7 Compliance and Monitoring

The Contract Manager, or individual(s) that works regularly with a vendor with whom the University has a contract, is responsible for administering the contract for the purposes of compliance with the terms, notification of actions, and for making business decisions based on the performance of the contract.

Contract managers shall record changes, renewals, addenda and amendments to contracts within the CMS.

FIN-4408.8 – Roles and Responsibilities

All individuals responsible for the purchase of goods and services on the University's behalf must be familiar with contracting requirements and this Policy.

Responsibility of Contract Requestor

Contract requestors are responsible for inputting the contract record into the CMS.

Responsibility of the Contract Manager

Contract Managers are identified by their department head and shall be adequately skilled in Contract Management according to the level and complexity of the contract. The Contract Manager is responsible for:

1. Administering the contract and contract record in CMS;
2. Understanding the terms of the contracts, including the business terms, scope of work and/or services, and high level legal terms and actionable tasks, such as the notice period for contract renewal or cancellation;
3. Monitoring the performance by both the University and the vendor of the obligations under the contract;
4. Managing the relationship between the vendor and the University;
5. Ensuring charges are appropriate and payment is made in accordance with the terms of the contract; and
6. Identifying the funding source for the purchase.
7. Uploading the fully executed contract and related documentation into the CMS and recording the contract status.

Responsibility of Contract Approvers

Contract approvers are responsible for:

1. Reading and reviewing each contract received;
2. Ensuring that the contract meets the business needs of the University; and
3. Understanding the business terms and conditions of the contract.

Responsibility of Contract Signer

The contract signer is responsible for:

1. Reading and understanding the contract's business terms and conditions;
2. Ensuring the vendor has signed the agreement; and
3. Physically or electronically signing the contract and approving it in the CMS.

Responsibility of Vice President and General Counsel

The Vice President and General Counsel is responsible for:

1. Developing standard University terms and conditions;
2. Reviewing and approving UR contract forms/templates;

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3. Legal review of vendor contract forms and proposed changes to UR contract forms/templates;
4. Selecting and approving outside counsel to review and negotiate contracts on behalf of the University; and
5. Ensuring conformity with applicable laws and regulations.

Responsibility of Procurement & Strategic Sourcing

The Procurement and Strategic Sourcing Office is responsible for:

1. Negotiating contracts;
2. Administration of the CMS;
3. Training of system users;
4. Ensuring that the University's procurement policies are being followed by contract managers; and
5. Serving as contract managers on various contracts.

Responsibility of Accounts Payable

The Accounts Payable Office is responsible for reviewing payment requests prior to processing to ensure:

1. All required signatures are on the request;
2. Index and account coding is on the request; and
3. Payment is reviewed and processed within the payment terms.

Responsibility of Internal Audit

Internal Audit is responsible for providing periodic review for compliance with this policy.

RELATED POLICIES AND PROCEDURES:

FIN-4403 – Procurement Policy

FIN-4409 – Delegation of Contract Approval and Signature Authority Policy

Contract Management Procedures

Procurement Procedures

POLICY BACKGROUND:

N/A

POLICY CONTACTS:

Director, Strategic Sourcing and Payments, Office of Strategic Sourcing & Payments

Strategic Sourcing Manager, Procurement and Strategic Sourcing