



KENTUCKY STATE UNIVERSITY POLICIES AND PROCEDURES

POLICY TITLE:

Contract Management Policy

VOLUME, SECTION & NUMBER:

4.1.17

ENTITIES AFFECTED:

All Departments and Divisions

ADMINISTRATIVE AUTHORITY:

Department of Finance & Business Affairs

Office of General Counsel

APPROVED BY:

The Kentucky State University Board of Regents

EFFECTIVE DATE:

November 28, 2023

POLICY STATEMENT:

This policy aims to ensure that Kentucky State University effectively safeguards its assets and manages the risks associated with legal agreements. This policy applies at all times to all units within the University unless an exemption is granted upon recommendation by the Vice President for Finance & Business Affairs and approval by the President. The policy is controlling for all binding commitments made by or on behalf of Kentucky State University.

This policy also provides guidance on managing the contractual obligations of Kentucky State University. All contractual obligations must be authorized at the appropriate level within the University, as identified by the University's Board of Regents, the President, and the Vice President for Finance & Business Affairs. Lastly, this policy outlines the process by which the University stores its contracts.

All Kentucky State University employees must adhere to this policy when creating, approving, signing, and managing contracts.

DEFINITIONS:

Contract

A contract is a written agreement that is legally enforceable, regardless of the title of the operative document or documents. For the purposes of this policy, the term “contract” includes, but is not limited to, written contracts, agreements, leases, memoranda of understanding (“MOU”), memoranda of agreement (“MOA”), gift agreements, mutual aid agreements, settlement agreements, resolution agreements, letter agreements, and binding letters of intent. Oral agreements are not permitted and will not be recognized or honored by the University.

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 a contract; reviewing when a contract will expire and renew; and ensuring that all parties meet their obligations under the terms of an 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, Lexion serves as the University’s CMS.

Contract Manager

A Contract Manager is an employee responsible for managing the ongoing relationship with the vendor, including contract implementation, renewal, and support. This person is charged with 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 Requester

A Contractor Requester is an employee who can create a contract record within the CMS and submit a contract for review.

Contract Signer

A Contract Signer is an employee who is authorized to sign contracts on behalf of the University. Approved Contract Signers are identified under the Signatory Authority section of this policy.

Form Contract/Template Contract

A form contract/template contract is a contract written using a University-approved contract template or form.

Vendor

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

Vendor/Third-Party Form Contract

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

CONTRACT REQUIREMENTS AND PROCEDURES:

All University contracts must be reviewed and approved in compliance with this policy.

All contracts must be in writing and signed by both the approved signatory and the vendor in order to be fully enforceable. Fully executed contracts must be uploaded to the University's contract management system, which is currently Lexion.

Contracts must list the name and address of the vendor, and the terms must be clearly specified (e.g., length of contract term, cost, deliverables).

Contract forms and templates are regularly reviewed and approved by the General Counsel.

Contract forms and templates contain the University's standard terms and conditions and must be used to the fullest extent possible. If the University's forms/templates cannot be located on the University's Purchasing webpage, contact the Office of General Counsel.

All contracts must be sent to the Office of General Counsel for review before they may be signed on behalf of the University.

Throughout the life cycle of a contract, actions related to the terms and conditions of a contract must be documented by the relevant Contract Manager.

This policy must be read in conjunction with the Model Procurement Code (KRS 45A) and must be adhered to at all times.

Contract approval and signatory authority has been defined by the University and is outlined in the following section.

SIGNATORY AUTHORITY:

The individuals identified below are the only employees who have the authority to approve and sign contracts on behalf of the University.

President

The President must sign any contract that requires expenditures of more than \$5,000.

If a contract requires expenditures of more than \$250,000 in a single fiscal year, the Board of Regents must approve the contract's expenditures before the President may sign the contract.

Vice President for Finance & Business Affairs

Per KAR 745 1:060, the President may delegate financial management responsibilities in writing. The President has delegated the authority to approve and sign contracts with expenditures of \$5,000 or less to the Vice President for Finance & Business Affairs.

The Vice President for Finance & Business Affairs may also sign any contracts that do not require expenditures and that are revenue-generating or philanthropic in nature.

Provost

The Provost may sign any contracts that are related to academic affairs and do not require any expenditures.

This contracting and signatory 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.

CONTRACT MANAGEMENT SYSTEM:

The University's Contract Management System ("CMS") 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.

This system serves as the central repository for all University contracts and all related documentation.

System access is provided only after a user has undergone Lexion training. Training may be conducted by University personnel or Lexion representatives.

This system shall be utilized for all University contracts.

Departments are expected to upload current, active contracts that predate Lexion implementation, along with any related documentation.

The Contract Manager is responsible for ensuring the contract information is entered and the document and related supporting documentation are uploaded.

COMPLIANCE AND MONITORING:

The Contract Manager is responsible for administering a contract to ensure compliance with the terms. The Contractor Manager is also charged with making business decisions based on the performance of the contract.

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

ROLES AND RESPONSIBILITIES:

All individuals responsible for procuring goods and services on behalf of the University must be familiar with this policy and contracting requirements.

Responsibility of Contract Requester

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

Responsibility of Contract Manager

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

Administering the contract and contract record in the CMS;

Understanding the terms of the contract, including the business terms, scope of work and services, and high-level legal terms and actionable tasks, such as the notice period for contract renewal or cancellation;

Monitoring the performances of the University and the vendor according to the obligations outlined in a contract;

Managing the relationship between the University and the vendor;

Ensuring charges are appropriate and payment is made in accordance with the terms of the contract;

Identifying the funding source for the purchase; and

Uploading the fully executed contract and related documentation to the CMS and recording the contract status.

Responsibility of Contract Signer

The Contract Signer is responsible for:

Reading and understanding the contract's business terms and conditions;

Ensuring that the contract meets the business needs of the University;

Ensuring that the General Counsel has reviewed the contract; and

Physically or electronically signing the contract.

Responsibility of General Counsel

The General Counsel is responsible for:

Developing standard University terms and conditions;

Reviewing and approving contracts as to form and legality;

Drafting, reviewing, and approving contract templates and forms;

Reviewing vendor contract forms and proposed changes to contract forms/templates; and

Ensuring conformity with applicable laws and regulations.

Responsibility of Purchasing Office

The Purchasing Office is responsible for:

Negotiating contracts;

Administering the CMS;

Training CMS system users;

Ensuring that the University's procurement policies are being followed; and

Serving as contract managers.

Responsibility of Accounts Payable

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

All required signatures are on the request;

Requests contain proper index and account coding; and

Payment is reviewed and processed within the payment terms.

Responsibility of Internal Audit Team

The Internal Audit Team is responsible for conducting an annual review for compliance with this policy.

STATUTORY OR REGULATORY REFERENCES:

Model Procurement Code

KAR 745 1:060
