

Section: Business and Support Operations

Section Number: 3.20.8

Subject: Contract Policy

Date of Present Issue: 07/27/11

Date of Previous Issues:
08/00

POLICY:

All contracts between the University and another party must be approved and executed by the cabinet member of the division in which the contract originates. The original copy of all division contracts shall be provided to the Purchasing Department. For purposes of this policy, cabinet members currently include the President, Provost, Vice President for Finance, Vice President for Enrollment Services, Vice President of Student Affairs, Director of Athletics, Executive Director of the Foundation and Director of Human Resources.

A contract is any agreement with any external party, which is legally enforceable whether or not it is titled "contract." Other terms for "contract" are agreement, purchase order, invoice, letter of agreement, license, memorandum of understanding, release, bill of sale, lease, etc.

All contracts must be in the name of Lake Superior State University, not an individual's or department's name.

Any contract exceeding \$50,000 in value must be approved and executed by the President after the appropriate cabinet member has approved.

A cabinet member may delegate in writing the authority to approve and execute contracts to a member of his or her staff. Without such delegated authority, no University faculty, staff member, or student has the authority to commit the University to any contract. A copy of any delegation of authority shall be furnished to the Purchasing Department.

The Purchasing Manager will execute a contract approval form to be distributed to various individuals for their approval based on the contract contents and delegation of authority notices on file. A copy of the approval form is attached.

Original copies of invoices and purchase orders shall continue to be retained, in accordance with applicable retention policies, by Business Operations and Purchasing offices, respectively.

Any contract **may** be referred to legal counsel for review. For maximum usefulness, legal counsel should be consulted before a final agreement has been reached between the parties. Legal counsel must review a contract if any of the following apply:

- the contract will last more than two years and has no provision for cancellation without penalty;
- there are indemnification, warranty or guaranty provisions which the person executing the contract does not thoroughly understand;
- there are unusual provisions or language which the person executing the contract does not thoroughly understand.

The Purchasing Manager and Risk Manager will review all contracts and may refer some or all contracts to the Vice President for Finance for coordination of legal review.

Upon request, legal counsel will assist in drafting agreements.