

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.1
Subject: Vendor Contracts – General Policy	

The University recognizes 3 types of contracts which, generally speaking, enable departments to place purchase requisitions in excess of \$5000 without further bidding: (1) Massachusetts Higher Education Consortium Contracts (MHEC), (2) State Contracts: (3) Campus or University Contract. Use of the contracts is explained in the sections that follow bearing the respective heading.

Following are the general policies that apply to the use of these contracts:

1. Departments shall use contracts whenever practicable. Requests for materials that are covered by contract, that are issued to non-contract vendors, may be changed to a contractual vendor providing it is exactly what the department wants. The Purchasing Department will convert to the appropriate contract vendor, with the department's approval.
2. Sizeable orders may still merit the competitive bid process, which may produce better prices because of economies of scale. Departments are cautioned to exercise good judgment and common sense when making the decision whether or not to bid their requirements.
3. Purchase Orders/Requisitions that are issued against MHEC, State, Campus or University contracts should be so marked on the Purchase Order/Requisition.
4. Contracts are awarded based not only on price, but also on quality, service, shipping and warranty terms, and the reputation of the vendor. Departmental requesters may find the desired contract product/service from a non-contract vendor at a lower price; however, best price does not necessarily mean the best deal. For example, some mail order houses may offer a better price, but their policies for delivery, warranty, work, returns, exchanges, as well as product availability and customer service ultimately may prove to be more costly to the requester and the University. Vendors with whom the university has little or no working relationship do not have the same incentive to satisfy University customers, as do our contract vendors. So, buyers beware!
5. A listing of MHEC and State contract titles will be available on the Purchasing Web Site.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.2
Subject: Massachusetts Higher Education Consortium (MHEC) Contracts	

MHEC Contracts are a valuable tool designed to facilitate the timely purchase of a wide variety of goods/services at the best cost to institutions of higher education located throughout the Commonwealth. MHEC Contracts are bid, established, and controlled by the MHEC.

1. There are approximately one hundred MHEC Contracts, totaling several thousand pages. Departments that need a listing of MHEC contracts should contact the Purchasing Department or see the MHEC web site, www.mhec.umassp.edu/.
2. In order to prepare a Purchase Requisition against an MHEC contract, refer to the appropriate MHEC Contract to ascertain all the variables that are needed i.e., the appropriate contract vendor, whether the item is covered by the contract, the contract terms, the contract structure, etc.
 - a. One of the things that needs to be established is the F.O.B. point. The F.O.B. point determines who will pay the freight and where title passes. If a vendor's terms are F.O.B. Destination, then that means the vendor will pay the freight and title to the goods will pass to the University upon acceptance at the University. If the F.O.B. point is other than destination, then that means the University will pay the freight and that title will pass to the University at the F.O.B. point. The University's standard delivery terms are F.O.B. Destination. If the F.O.B. point is other than Destination, make sure that you so indicate on your purchase requisition. If freight is involved, ask the vendor to estimate cost for freight and include it on the requisition as a separate line item.
 - b. Another variable that needs to be determined is how the contract is structured. If the Contract is based on a percentage of discount off the manufacturer's suggested list prices, (which is the way that many of the MHEC contracts are set up), then contact the vendor (contact people's names and telephone numbers are listed in each contract), ask for the current list prices, and verify the appropriate discount(s) for the item(s) you wish to order. Make sure that the discount matches the discount reflected in the contract. If they don't match, then the item may not be covered by the contract.

- c. When the Requisition is made out, the following should be reflected: the noun name, brand name and model number, a description of what is being ordered, the list price, the appropriate contract discount, and the net price for each item. This information is vital. It is the only way to determine that the University is getting contract pricing, and is an audit requirement.
3. Just because a vendor is on a contract does not mean that everything sold by that vendor is covered by that contract. If it is determined that what is needed is not part of the contract, and the request exceeds \$5000, then the item(s) should be bid in accordance with established purchasing policy.
4. Some MHEC contracts are based on firm net prices. Such contracts reflect the net prices for the items that are covered right in the contract itself, and the prices cannot be increased during the contract term, unless the increase is authorized through the MHEC by written addendum.
 - a. If a model/item within a manufacturer's line that is covered by the contract is not listed in the contract, contact the Purchasing Department to see if the item is new and is going to be added. Purchasing will contact the MHEC Office.
5. Purchase requisitions that are issued against MHEC contracts should be so marked in the description space of the request, together with the appropriate contract number, and the period it covers.

Example: MHEC
Computers #F5
Period of Contract: 1/1/97 through 12/31/97

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.3
Subject: State Contracts	

State Contracts are bid and controlled by the Commonwealth of Massachusetts, Department of Procurement and General Services (DPGS), in Boston, for use by state agencies located throughout the Commonwealth. State Contracts are computer-generated and are usually headed, "Commonwealth of Massachusetts – Bid Award Notice", followed by the respective State Contract title and number.

Following are the instructions that apply to the use of State Contracts:

1. Most State Contracts are line item specific; i.e., may cover only one or two items in a manufacturer's product line. Extra care needs to be taken to insure that the desired item is covered by the contract and that the contract is still current.
2. Because the State Contract portfolio is so large, it is not practical to mail copies to all departments. Copies of individual contracts that are of interest to a particular department may be obtained from the Purchasing Department, upon request.
3. Purchase request issued against a State Contract should be so marked as follows:

Example: State Contract
Plastic Tableware (Title of Contract)
No. A204601000, Item 610
Period of Contract: 1/1/97 – 12/31/97

Note: A listing of commonly used State Contracts will be listed on the Purchasing Website.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.4
Subject: Contracting for Labor & Materials (Construction/Renovations)	

The Office of Economic Development is the only department authorized to process contracts for Labor & Material.

Every contract for the construction, reconstruction, alteration, remodeling, repair, or demolition of any public building or public works by the Commonwealth or by any governmental unit thereof, estimated to cost **\$10,000** or more, shall be awarded to the lowest responsible and eligible general bidder on the basis of competitive bids obtained by the Purchasing Department in accordance with the procedures set forth in the provisions of Massachusetts General Laws, Chapter 30, Section 39M, as amended; or Chapter 149, Sections 44A-44J, inclusive: and Trustee Policy T92-031.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.5
Subject: Contracting for Services	

A. When Is It Appropriate to Use the State Standard Contract Form?

The State Standard Contract form shall be completed, regardless of dollar amount, for each service within object codes in Subsidiaries HH Consultant Services (1701-1719), JJ Operational Services (1901-1961), and NN Infrastructure Construction and Maintenance Projects (2301-2314).

B. When Is It Inappropriate to Use the State Standard Contract Form?

In accordance with IRS regulations, the State Standard Contract Form may not be used to contract with **individuals** when the working relationship would qualify them more as an employee instead of an independent contractor. This only applies to direct contracting with individuals. If the contract is with a company or corporation, for services rendered by one or more individual(s) within that organization, then the State Standard Contract Form may be used.

To determine whether a worker qualifies as an employee or independent contractor, you must apply the common law test of control. **(See Consultant Services Trustee Doc. T92-031, as revised (Appendix D), section 1.3)** Under this test, if you have the right to control and direct what a worker does and how he or she does it, a relationship between you and the worker exists, and the worker must be classified as an employee. This means that the individual must be processed through University Payroll and may have to pay into Social Security and have State and/or Federal taxes withheld. In the absence of such control, a worker may be classified as an independent contractor.

For example, if you wish to hire an individual to work in your office answering phones and typing, one would assume that you have the right to control and direct what the individual does and how (s)he does it. This person would therefore be classified as an employee and would have to be processed through University Payroll.

If, on the other had, you wish to hire an individual to create a software package for your office computer, one would assume that the individual would control what (s)he does and how it is done (hours worked, where work is done, how work is accomplished, etc.). This person could therefore be classified as an independent contractor and the contractual commitment should be processed on a State Standard Contract Form. This type of service will return a product and a flat fee is established, upon receipt of product.

If you are unsure as to how the worker should be classified, contact the Purchasing Department for a ruling. Purchasing screens all State Standard Contracts prior to further processing. Questionable contracts are referred back to the requesting departments.

Contracts for Services may not be issued for services rendered by University employees.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section: 3.6
Subject: Honoraria	

An Honoraria is a payment for professional services for which no wage may be established. The payment itself is an honorary award in recognition of that effort. Examples of the types of services for which Honoraria are paid: guest speaker, visiting lecturer, and performing artist. Object Code for Honoraria is 1715. Honoraria are further defined by the following characteristics:

- ? Payment is to an individual (non-employee);
- ? Payment is one time, non-recurring transaction for performance by an individual for the University;
- ? Recipient is usually a distinguished individual whose service may not have a precise value;
- ? Service performed does not normally generate a physical product.

Policy

The expenditures for honoraria are made to individuals who are **not** employees of the University for one time, nonrecurring service. Such payments are honorary awards in appreciation of the services rendered by distinguished persons and groups - for example, presentation of a lecture or concert. Normally, honoraria payments do not result in a tangible end product or in a report. Expenditure for honoraria will be paid from subsidiary HH. The honoraria's rates are calculated to include a detailed estimate of the total cost of round trip travel costs to and from the university. In addition, a token payment may be in appreciation for the service. If both travel expenses and the token payment are to be paid, they will be combined into a single honoraria rate and payment will be processed on a Payment Voucher form together with Standard Contract form.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.7
Subject: Recruitment Reimbursement Honoraria	

Recruitment reimbursements are payments for the expenses of candidates coming to and returning from their meetings and interviews with University officials.

Objective and Purpose

To establish, maintain and administer a system to allow compensation to potential University employees for services associated with recruitment by the University.

Policy

It is the policy of the University to reimburse candidates for employment for expenses they incur in meeting the University's requirements for interviews. Reimbursement of these expenses will be made from subsidiary EE or HH.

Procedure

Method 1. The candidate may be reimbursed for precisely the costs incurred in traveling to and returning from the University. Such costs for fares, lodging and other necessary travel expenses will be reimbursed upon submission of appropriate receipts. These travel expenses will be summarized on a Travel Expense Form with the original receipts attached and forwarded to the Accounts Payable Office for processing.

Note: No Contract Required: Object Code to be charged EE (1413).

Method 2. The candidate may be reimbursed a flat fee that approximates the cost of the candidate's travel to and from the University. This method will be used where obtaining receipts from the candidate is not desirable or feasible.

Follow the procedure under Honoraria.

Note: Contract Required: Object Code to be charged will be made from Subsidiary HH (1715).

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.8
Subject: Honoraria Summary Requirements	

Limits	Documentation Required	Approval Level
\$1.00 up to \$50,000	? Purchase Requisition ? State Standard Contract Form	? Department Head ? Director of Purchasing
Over \$50,000 Up to \$200,000	? State Standard Contract Form ? Sole Source Justification Form	? Department Head ? Director of Purchasing ? Chancellor

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.9
Subject: Consultant Services	

A “consultant” shall mean any person who, as a non employee of the Commonwealth, gives advice or employee training and whose compensation is payable from subsidiaries HH or NN. No people employed by the University, as a consultant, shall directly or indirectly supervise another temporary or permanent employee of the University. A consultant is required to render a written report prior to final payment.

Selection of Consultant

The process for selection of a consultant to perform services for the University shall be as competitive as practicable under the circumstances.

Contracting for Services requires a complete executed copy of the State Standard Contract Form, with specific duties, along with a purchase requisition. All documents must be in the Purchasing Department before services begin. The department will be responsible for obtaining all the necessary signatures.

The requisition and State Standard Contract form should include the following information:

1. Consultant’s legal name, address, including zip code.
2. Period for which the services are to be engaged.
3. Specific duties and responsibilities of the consultant.
4. Rate of compensation for services.
5. Proper accounting information
6. Signature of the Department Head and/or the person exercising budgetary control.
7. Extensive Sole Source Justification form for services over \$50,000; or detailed specifications for competitive bidding.

The State Standard Contract Form can be obtained by downloading the form, from the Purchasing Office Web Site.

No consultant to perform services classified under subsidiary HH and NN costing over \$50,000 annually, may be awarded, except pursuant to competitive bidding, use of a contract vendor, or submission of a **extensive** Sole Source Justification Form.

Consultants are responsible for making their own estimated income-tax and self-employment-tax payments, and because they are not employees, are not entitled to fringe benefits such as employer-paid retirement and insurance.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.10
Subject: Consultant Summary Requirements	

Limits	Documentation Required	Approval Level
\$1.00 up to \$50,000	? Purchase Requisition ? State Standard Contract Form	? Department Head or ? Authorized Signatory ? Director of Purchasing or ? Comptroller ? Legal Review
Over \$50,000 Up to \$200,000	? Purchase Requisition ? State Standard Contract Form ? Specifications for Competitive Bidding or ? Sole Source Justification Form or ? Contract Vendor	? Department Head or ? Authorized Signatory ? Director of Purchasing or ? Comptroller ? Chancellor ? Legal Review
Over \$200,000	? Purchase Requisition ? State Standard Form ? Specifications for Competitive Bidding or ? Sole Source Justification Form or ? Contract Vendor	? Department Head or ? Authorized Signatory ? Director of Purchasing or ? Comptroller ? Chancellor ? Legal Review ? President

NOTE: IF SPECIFICATIONS ARE DRAWN UP FOR COMPETITIVE BIDDING, THE PURCHASING DEPARTMENT WILL BE RESPONSIBLE FOR DRAWING UP THE STATE STANDARD CONTRACT FORM ONCE THE AWARD IS MADE.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.11
Subject: Service Contracts/Operational	

A Service Contract is a non payroll payment for performance of a specialized service, generally over an extended period of time. These payments are usually made to a legal entity other than an individual. Normally service contracts require the delivery of a defined end product or service. Examples of such services are:

Messenger/Mail Service, Advertising Services, Cleaning Services, Pest Control, Computer Services, Medical Services, Transcription Services (Companies Only), Video Duplication and Production Services, etc.

University Legal Services

All contracts for legal services must have the prior approval of University Counsel.

Temporary Services

Non payroll payments for performance of service by temporary secretarial or non professional personnel are on State Contract. Departments must take advantage of the Commonwealth of Massachusetts, "Temporary Clerical Help Master Service Agreement." Copies are available from the Purchasing Department.

Procedure

\$1.00 and up to \$25,000

In cases where the Contract does not exceed \$25,000, in any fiscal year, no formal bidding procedure is required. The department is responsible for drawing up and executing the appropriate State Standard Contract.

Over \$25,000

In cases where the Contract exceeds \$25,000 annually, the Purchasing Department will bid competitively whenever practicable. The procedure must involve either the solicitation of formal written proposals or an **extensive** sole source justification must be submitted. Funds must be encumbered in advance and a State Standard Contract Form must be completely executed before commencement of services.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.12
Subject: Service Contracts/Operational Summary Requirements	

Limits	Documentation Required	Approval Level
\$1.00 up to \$25,000	? Purchase Requisition ? Contract for Services	? Department Head or Authorized Signatory ? Director of Purchasing
Over \$25,000 Up to \$200,000	? Purchase Requisition ? Contract for Services ? Specifications for Competitive Bidding or ? Sole Source Justification Form ? State Contract Vendor	? Department Head ? Director of Purchasing; or ? Comptroller ? Chancellor ? Legal Review
Over \$200,000	? Purchase Requisition ? Contract For Services ? Specifications for Competitive Bidding or ? Sole Source Justification Form ? State Contract Vendor	? Department Head ? Director of Purchasing ? Comptroller ? Chancellor ? Legal Review ? President

NOTE: IF SPECIFICATIONS ARE DRAWN UP FOR COMPETITIVE BIDDING, THE PURCHASING DEPARTMENT WILL BE RESPONSIBLE FOR DRAWING UP THE STATE STANDARD CONTRACT FORM ONCE THE AWARD IS MADE.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.13
Subject: Sole Source Justification for Professional Services	

In accordance with University policy, which the State and Federal auditors have mandated, any Contract for Services in excess of \$5,000 but less than \$50,000, **that has not been competitively bid by an authorized agency (the MHEC, the Purchasing Department, or the Commonwealth)** must be accompanied by an explanation/justification detailing the following:

(1)The need; (2) how the vendor/individual was selected; (3) a list of the other vendors/individuals considered; (4) why the vendor was selected over other vendors; and (5) what the department has done by way of cost comparison to determine that the charge is not out of line with the current market pricing for the services. Or, if the vendor/individual is sole source, sole source justification shall be provided.

The original copies of any written quotes from other vendors should also accompany the State Standard Contract and with the Sole Source Justification for Professional Services form.

Per Trustee policy, any Contract for Services in excess of \$50,000 shall be competitively bid by an authorized agency, or extensive sole source justification shall be provided. At the Lowell Campus, the approval of the Comptroller is required for any sole source justification for a Contract for Services in excess of \$50,000.

If the vendor/individual qualifies as “sole source”, or “sole acceptable source”; i.e., the vendor/individual is unique, and, to the best of the user’s knowledge, no other vendor in the world performs the service, or has the level of skill required to perform the services, then the justification should detail the need and what there is about the services and/or like that makes it unique from any other like vendor/individual.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.14
Subject: Contract Amendment/Modification	

If additional services are required to be performed by the Contractor, a request to issue an amendment/modification must be sent to the Purchasing Department on a purchase requisition form. The requisition should include the name of the Contractor, the existing Purchase Order Number, and the necessary information required to prepare the amendment/modification, i.e., extending time, adding cost, amending existing budgets, etc.

When making a change to a State Standard Contract Form after the contract has been completed, signed, and processed through the system with the purchase order, a written addendum to the contract will be required. Please use the State Contract Amendment Form.

(1) HOW DO YOU MAKE A CHANGE TO A CONTRACT FOR SERVICE (INCLUDING, BUT NOT NECESSARILY LIMITED TO, MODIFICATIONS TO THE DATES OF SERVICE OR COMPENSATION):

- a) Complete a state contract amendment form, obtain the necessary signatures, and forward to Purchasing with a Purchase Requisition signed by the individual exercising budgetary control.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.15
Subject: Equipment, Rental/Lease/Lease-Purchase of, and the Rental and Lease of Space	

Following is the policy and the procedures for the short-term rental (up to 12 months), and for the longer-term, lease or lease-purchase (greater than 23 months), of equipment other than for the rental and lease of space.

1. **Equipment Rental/Lease/Lease-Purchase:** (Charge to Sub. LL, Object Codes 2121 through 2123.) Departments are reminded that a premium, in the form of interest, is paid to rent or lease equipment, and that, in most instances, it is more cost effective to purchase the equipment rather than to rent or lease it for an extended period of time.
 - (a) Any agreement for the rental/lease/lease-purchase of equipment must be covered by a purchase requisition. Such requests against those accounts that are set up on a fiscal year basis may be encumbered through June 30 of the fiscal year in which issued. If the term of the agreement extends beyond the end of the fiscal year in which issued, the department shall submit to Purchasing, a renewal Purchase Requisition at the beginning of each subsequent fiscal year throughout the term of the lease, together with a copy of the original agreement, bearing all applicable signatures.
 - (b) All rentals/leases/lease-purchases of equipment must be covered by an agreement, which shall be signed by the vendor and the Director of Purchasing. The contracts are subject to legal review by the University's Staff Attorney, and the Chancellor's approval.
 - (c) If the total value of the rental/lease/lease-purchase is not greater than \$5,000 for the entire term of the agreement, or if the agreement is covered by the State, MHEC, Campus or University contract, the department may prepare a purchase requisition and submit it to Purchasing, together with the vendor's contractual agreement, for review. No Purchase Order covering the rental/lease/lease-purchase of equipment will be processed unless and until it has the appropriate, properly executed contract attached to it.
 - (d) If the total value of the rental/lease/lease-purchase is greater than \$5,000 for the entire term of the agreement, and the agreement is not covered by State, MHEC Campus, or

University contract, the department shall submit their requirements to Purchasing in requisition form. The Purchasing Department will send out requests for bids for the requirements and will issue a Purchase Order to cover the resulting agreement. The department renting/leasing the equipment will be responsible for issuing Purchase Requisitions to cover any subsequent years of the agreement, if applicable.

Departments are cautioned that non-contract lease procurements that require public bids may take an extended period of time to process. Because of the complexity of the procedures, it is strongly recommended that equipment with a purchase price of less than \$5,000 (before interest) be purchased rather than leased.

2. **Space Rental/Lease:** (Charge to Sub. 1601). All rentals/leases for space must have the prior approval of the University Treasurer, University Legal Counsel, and the Board of Trustees, and may require the further approval of DCAM. Because of the complexity of the procedures, space rentals/leases may only be done under extraordinary circumstances and should be discussed with the Director of Purchasing prior to making any such decision.
3. Equipment leases that have a total payment (cost plus interest) in excess of \$100,000 for the entire term require the approval of the Chancellor before processing to the Purchasing Department. Vice Chancellors must verify that sufficient funds will be made available to cover the payments throughout the term of the lease.
4. The Comptroller's Office will maintain a lease log of all leases and lease-purchases (both new and renewal) that are for one or more years' duration and exceed \$1,000.
5. All rental/lease/lease-purchase agreements are subject to the review and approval of the Purchasing Department, and all the necessary procedures shall be followed, and approvals and signatures obtained, prior to making any commitment to the vendor.
6. All payments against such agreements shall be made in arrears, at the end of the respective billing period.

University Of Massachusetts Lowell	
Date: July 01, 2001	Section:3.16
Subject: Equipment and Software Maintenance, Including Software Licenses	

Following is the policy and procedures that shall be followed to contract with an outside vendor for the maintenance/repair of University-owned equipment; e.g., office machines, computers, research equipment. Also covered is the policy and procedures for software maintenance and licensing.

1. **Maintenance/repair service/parts for equipment:** When there is labor involved, charge to Sub. LL, Object Codes 2141 – 2153. If the purchase covers **only replacement parts without labor**, charge to Sub. FF, Object Codes 1525.

a. Two types of equipment repair service are usually available from those vendors that offer it:

(1) **Per Call Service:** Equipment is serviced only when requested. Fees are usually based on an hourly rate plus replacement parts and the requesting department is billed for each call.

(2) If the total value of the maintenance service contract is greater than \$5,000 for the entire term of the agreement **and the service is available from more than one vendor**, and if the agreement is not covered by State, MHEC, University or Campus contract, the department shall submit their requirement to Purchasing in requisition form, or written justification for sole source, or sole acceptable source, shall be provided on the Documentation Form – Sole Source, Sole Acceptable Source/Brand See Section 2.3. The Purchasing Department will send out requests for bids for competitive requirements and will issue a Purchase Order to cover the resulting agreement. The requesting department will be responsible for issuing purchase requisitions to cover any subsequent years of the agreement, if applicable.

In all instances, the vendor shall provide the University with an itemized bill, including the rate per hour, the number of hours worked, and an itemized list of parts (if applicable). Lump sum bills are unacceptable.

(3) **Service Contract** (usually issued annually): Equipment may receive regularly scheduled preventive maintenance inspections and is repaired, as needed, between inspections for a flat annual rate. Some service contracts include replacement parts; other, only cover labor. The requesting department should check the terms of the vendor's service contract prior to contracting for maintenance to determine exactly what is covered.

(4) A purchase requisition must cover any agreement for the maintenance/repair of equipment. Such order/requests against those accounts that are set up on a fiscal year basis may be encumbered through June 30 of the fiscal year in which issued. If the term of the agreement extends beyond the end of the fiscal year in which issued, the department shall submit to Purchasing, a purchasing requisition at the beginning of each subsequent fiscal year throughout the term of the service agreement, together with a copy of the original service agreement.

(5) All maintenance service contracts must be covered by a written agreement, which shall be signed by the vendor and the Director of Purchasing. Any such agreement that spans more than twelve months also may be subject to legal review by the University's Staff Attorney.

(6) If the total value of the maintenance service contract is not greater than \$5,000 for the entire term of the agreement, or if the agreement is covered by State, MHEC, University, or Campus contract, the department may prepare a Purchase Requisition and submit it to Purchasing for review, together with the vendor's contractual agreement.

No Purchase Order covering a maintenance service contract will be processed unless and until it has the appropriate, properly executed contract attached to it.

(7) If the total value of the maintenance service contract is greater than \$5,000 for the entire term of the agreement **and the service is available from more than one vendor**, and if the agreement is not covered by State, MHEC, University or Campus contract, the department shall submit their requirement to Purchasing in requisition form, or written justification for sole source, or sole acceptable source, shall be provided on the Documentation Form – Sole Source, Sole Acceptable Source/Brand See Section 2.3. The

Purchasing Department will send out requests for bids for competitive requirements and will issue a Purchase Order to cover the resulting agreement. The requesting department will be responsible for issuing purchase requisitions to cover any subsequent years of the agreement, if applicable.

(8) All maintenance service agreements are subject to the review and approval of the Purchasing Department, and all the necessary procedures shall be followed, and approvals and signature obtained, prior to making any commitment to the vendor.

2. **Software Maintenance/Licensing:** Charge software maintenance to Sub. LL, Object Code 2141. Charge software licensing to Sub. EE, Object Code 1409. Often, the vendor will combine the license and maintenance into one agreement. Usually, such combined agreements are charged to the code for software licensing (1409).

(a) Any such maintenance/license agreement must be covered by a purchase requisition. Such requests against those accounts that are set up on a fiscal year basis may be encumbered through June 30 of the fiscal year in which issued. If the term of the agreement extends beyond the end of the fiscal year in which issued, the department shall submit to Purchasing, a renewal Purchase Requisition at the beginning of each subsequent fiscal year throughout the term of the service/license agreement, together with a copy of the original service/license agreement, bearing all applicable signatures.

(b) Requisitions issued against grant or contract accounts may be encumbered from the effective date to the expiration date of the grant or contract account charged.

(c) All such contracts must be covered by a written agreement, which shall be signed by the vendor and the Director of Purchasing. Any maintenance agreement that spans more than twelve months also must be signed by the respective vice chancellor and may be subject to legal review by the University's Staff Attorney.

All software licenses in excess of \$1,000 are subject to the review and signature of the University Treasurer, regardless of duration, and may also be subject to legal review. Licenses under \$1,000 shall be reviewed and signed by the Director of Purchasing.

(d) The department shall prepare a purchase requisition and submit it to Purchasing, together with the vendor's contractual agreement. No Purchase Order covering software maintenance/license will be processed, and no commitment shall be made to the vendor, until the appropriate, properly executed contract has been attached to it.

3. Payments against all such agreements shall be made in arrears, at the end of the respective billing period.
4. Departments are advised that personal computer maintenance/repairs, and software assistance, are also available in house by contracting the Help Desk.