The University of Maine System (UMS or University) uses competitive procurement as the standard procurement method for all goods, services and other purchasing or contracting. It is the practice of the University to obtain all goods and services at the lowest cost to the University consistent with those standards of quality, performance, service, and availability which will best meet the needs of the University.

I. SCOPE

It is the intent of this Administrative Practice Letter (APL) to promote the practice of the competitive procurement process in order to keep costs at a minimum and to give interested suppliers an equal opportunity to supply goods and services to the University.

The competitive procurement process outlined in this APL applies to the procurement of all services, supplies, material and equipment (including equipment obtained by capital or operating lease). Waivers from the competitive procurement process may be granted for special circumstances as described in section V.

II. AUTHORITY AND SEGREGATION OF DUTIES

A. AUTHORITY

The Chancellor and Presidents of the universities by virtue of their office may authorize purchases from the budgets provided them by the Board of Trustees within the requirements of Board policy. They may re-delegate purchasing authority to designated employees, except as provided below. Each campus shall maintain a list of employees authorized to approve purchase orders and purchasing card transactions. If the University requires electronic approval of all purchase orders or purchasing card transactions, a list of employees authorized to approve orders in these systems is adequate.

Only those employees specifically designated are authorized to make purchases in the name of the University. Unauthorized purchases become the obligation and financial responsibility of the individual who made the commitment. Purchases are not to be used for personal purposes, regardless of the intent to reimburse the University.

B. SEGREGATION OF DUTIES

Management is responsible for the control structure of the University and must ensure that appropriate controls exist. Segregation of duties is a basic, key internal control and is used to prevent or detect errors or irregularities on a timely basis by employees in the normal course of business. Senior administration and all individuals responsible for assignment and supervision of employees that carry out fiscal activities must ensure adequate segregation of duties within their areas of responsibility, or provide appropriate compensating controls.
In the procurement area, the optimum degree of segregation would be that functions of authorization, recordkeeping (e.g., entering requisitions), and reconciliation of the related general ledger chartfields would be performed by different personnel. If that level of segregation is not possible, compensating or mitigating controls must be established. For example, when the same employee approves a purchase and also reconciles the related general ledger activity, the supervisor or other appropriate employee must perform and document a frequent, timely, and detailed review of the activity.

When assigning roles within the procurement system, responsibility for the related general ledger reconciliation must also be assessed. Any potential control weaknesses will be brought to the attention of the campus CFO or designee (or at the System Office, the Director of Finance and Controller) so that risks will be understood and appropriate controls established.

III. PURCHASE ORDERS

In order to maintain adequate financial controls (encumbrances and liquidations) and to minimize risk to the institution, prior to authorizing a supplier to fulfill an order or provide a service, purchase orders should be created in MaineStreet Marketplace for all procurements with a value above the University's petty cash limit (See APL 1-E, Petty Cash). An up-front purchase order is not required for the following, however, these purchases should be processed using MaineStreet Marketplace by creating an After-the-Fact Purchase Order with a justification of “no PO is required per APL” or by using a Check Request Form when no invoice is provided by the supplier:

- publications, subscriptions, memberships, and registrations,
- postage and shipping,
- utilities (e.g. water, sewer, energy contracts, telephone, telecommunications, etc.),
- insurance premiums and settlements,
- legal fees and settlements,
- banking, investment management and related services,
- revenue bond expenses including issuance costs, trustee/paying agent fees, rating agency fees, and arbitrage rebate payments,
- tax form vendor expenses based on volume (e.g.,1098T’s),
- interdepartmental services,
- payments to state, university or governmental agencies,
- travel and expense reimbursements to non-employees, unless the expense is part of a contract for services,
- honoraria, payments to research subjects,
- Human Resources employee benefits, dues, garnishments, or payroll deductions,
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- annually recurring license/maintenance renewal payments for software obtained via a competitive process (and in accordance with section V.B.9 of this APL),
- annually recurring maintenance renewal payments for equipment which was previously purchased within the guidelines of this APL,
- Purchasing Card transactions in accordance with APL VII-C, Purchasing Cards, and individual campus guidelines.

For questions about procurements not specifically addressed in this APL, or for questions regarding the use of MaineStreet MarketPlace in accordance with this APL please contact your campus’s Purchasing/Business Services Department.

IV. COMPETITIVE PROCUREMENT PROCESS

In the competitive procurement process, the award will be made to the vendor with the lowest cost responsible and responsive quotation, bid or proposal unless, in the judgment of the authorized purchasing agent, the best interests of the University would not be served by such an award. Whenever practicable and in the best interest of the University, purchases will be grouped together to take advantage of quantity discounts.

A. PURCHASING THRESHOLDS

Except as otherwise provided in this APL, purchases of services, supplies, materials and equipment, will be based on the following practices:

1. **Less than $10,000:** Competitive procurement is always available. Purchases with a total cost of less than $10,000 may be purchased based on verbal quotes, other competitive procedures or without competitive bidding.

2. **$10,000 or greater, but less than $50,000:** Purchases with a total cost equal to or greater than $10,000 but less than $50,000 shall require solicitation of at least 3 written quotations. These written quotations must be attached to the purchase requisition using the Vendor Quote form in MaineStreet Marketplace to properly document the competitive process.

Within the guidelines of this APL, each campus shall have written procedures describing how they intend to carry out solicitations for purchases between $10,000 and $50,000 that require a competitive process. A current copy of each campus’s procedures shall be provided to and maintained on file with the UMS Office of Strategic Procurement.

Purchases under $50,000 shall be made under the formal sealed competitive process when deemed appropriate by the authorized purchasing agent, templates for a formal sealed competitive process may be found in the forms section of the Office of Strategic Procurement website.
3. **Equal to or greater than $50,000:** Purchases with total costs greater than or equal to $50,000 will be made in accordance with the formal sealed competitive process, Section B below.

The University of Maine System (UMS) Chief Procurement Officer (“CPO”) has the administrative responsibility for the procurement process of all purchases of $50,000 or more for all universities and the System office. When appropriate and with prior authorization of the Chief Procurement Officer, universities may conduct a procurement process over $50,000, however all other responsibilities under this APL still apply.

4. **Splitting orders:** Orders should not be split to avoid the thresholds. Splitting orders is defined as making more than one transaction (through any purchasing mechanism) to the same vendor for the same or similar goods or services (or for the same project), when, if combined, a different competitive process would be required.

5. **Standing orders:** Thresholds for a standing order shall be determined based on the dollar amount of purchases expected to be made against the order in one fiscal year or for the period of the order, whichever is less.

6. **Multi-year contracts (goods or services):** Thresholds for equipment and vehicle leases and multi-year contracts of all kinds shall be determined based on the total of the payments to be made over the term of the contract, including any optional renewal periods.

Additionally, the Director (or designee) will provide advisory and consultative services to the universities in such areas as product evaluations, product/service specifications, price comparisons, user/vendor mediation, and training in appropriate UMS procurement procedures.

**B. FORMAL SEALED COMPETITIVE PROCESS**

For definitions of terms used in this section, please see Section VII of this APL.

The type of solicitation (e.g., RFB, RFP, RFQ) used in a formal sealed competitive process may vary based on the type of product or service being procured. However, the following protocols do not vary and will be followed for any formal sealed competitive process:
1. **Advertising:** All formal sealed competitive solicitations for goods and services of an amount greater than or equal to $50,000 must be publicly advertised for at least one day in a mass circulation daily Maine newspaper and will be posted to the UMS Office of Strategic Procurement website (http://www.maine.edu/strategic/upcoming_bids.php) unless a modified process is deemed appropriate by the UMS Chief Procurement Officer.

2. **Required language for solicitations:** All formal sealed competitive solicitations (e.g., RFP, RFB, RFQ) must contain the following statements:

   a. “The University reserves the right to reject any or all bids/proposals/submissions, in whole or in part, and is not necessarily bound to accept the lowest cost bid/proposal/submission if that bid/proposal/submission is contrary to the best interests of the University.”

   b. “Bidders may appeal the award decision by submitting a written protest to the UMS Chief Procurement Officer within 5 business days of the date of the award notice with a copy of the protest to the successful bidder. The protest must contain a statement of the basis for the challenge.”

   c. “Any contract or agreement for services that will, or may, result in the expenditure by the University of $50,000 or more must be approved in writing by the Chief Procurement Officer and it is not approved, valid or effective until such written approval is granted.”

   d. “The University must adhere to the provisions of the Maine Freedom of Access Act (FOAA), 1 MRSA §401 et seq. As a condition of accepting a contract under this section, a contractor must accept that, to the extent required by the Maine FOAA, responses to this solicitation, and any ensuing contractual documents, are considered public records and therefore are subject to freedom of access requests.”

   e. Non-Responsive Bids/Proposals: The University will not consider non-responsive bids or proposals, i.e., those with material deficiencies, omissions, errors or inconsistencies.

   f. Tie Bids. When two equal bids are received, there shall be a preference for “in-state bidders”. When tie bids are both in-state, or both out-of-state, the award will be made to the bid that arrives first in the office designated to receive the bids.

3. **Communication between parties**
a. Requests for Bids (RFB): Once formal sealed competitive bids have been opened, “negotiations” between the University and bidders, as to price for the goods or services specified, are prohibited. Communications between the University and bidders shall be limited to demonstrations or to clarifications of submissions and coordinated only by the authorized University purchasing agent.

b. Request for Proposals (RFP): Once formal sealed competitive proposals have been opened, “negotiations” between the University and proposers may take place but shall not significantly alter the original proposal. If negotiations lead to a contract that is outside the original scope of the RFP, all vendors should be given an opportunity to respond to the revised scope, under normal circumstances and coordinated only by the authorized University purchasing agent.

c. Request for Qualifications (RFQ): Once letters of qualification and related materials have been received, negotiations between the University and submitters may take place, but shall not include services beyond the scope outlined in the RFQ. If negotiations lead to a contract that is outside the original scope of the RFQ, all vendors should be given an opportunity to respond to the revised scope, under normal circumstances and coordinated only by the authorized University purchasing agent.

4. Protests of the Competitive Procurement Process

A. Protests of Procurement Awards equal to or greater than $50,000

1. Notice of Award: Once an award decision has been made, notice of the award will be made promptly to all bidders or proposers.

2. Protest of Award.

   a. A bidder or proposer may submit a protest in writing to the UMS Chief Procurement Officer within 5 business days of the date of the notice of award with a copy to the bidder or proposer that was awarded the contract.

   b. The protest must contain a brief statement of the basis for the challenge.
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c. The Director may stay the award until the protest has been resolved, unless continuation of the procurement without delay is necessary to protect substantial interests of the University.

3. Authority to Resolve Protest.

a. The Director will base his or her decision on a review of the facts. There will be no hearing, no testimony, and no additional information unless the Director deems that additional information is necessary to resolve the appeal.

b. The Director will communicate his or her decision to the protesting bidder or proposer, the affected University and the bidder or proposer originally awarded the contract.

c. If a protest is not resolved to the satisfaction of the protesting bidder or proposer, he or she may file an appeal with the UMS Treasurer within ten business days of the date of the written decision of the Director with a copy to the bidder or proposer originally awarded the contract. The determination of the Treasurer is final and will be given in writing and submitted to the protesting bidder or proposer, affected University and the bidder or proposer originally awarded the contract.

B. Protests of Procurement Awards under $50,000

If a timely protest is made concerning any purchase under $50,000 the UMS Chief Procurement Officer will promptly review the protest and communicate his/her decision to the protesting vendor and the affected University. The Director's decision is final. The Director will document the protest and the decision.

V. WAIVERS AND SPECIAL CONDITIONS

A. Waivers:

1. The competitive procurement process may be waived for purchases below $50,000 in accordance with the written campus policy. For purchases equal to or greater than $50,000, approval may be obtained via MaineStreet Marketplace purchase requisition electronic approval by the Chief Procurement Officer, or designee. To request the waiver, record factual information supporting the waiver request with specific reference to the type of waiver using the internal notes section of the requisition in MaineStreet Marketplace. Waivers may be granted for the following:
a. UMS Contracts. Purchases from UMS approved contracts that were established as a result of a competitive process administered by UMS or which are available under the auspices of another UMS-approved cooperative procurement group.

b. Cooperative Purchases. Cooperative purchases with the State, a state agency, or another governmental entity where it is possible for the University to purchase from an established competitively bid contract.

c. Goods and/or services specifically named in grant awards. When these goods and/or services are available from multiple sources the competitive procurement standard applies unless the grant requires, was contingent upon, or was otherwise awarded with the explicit expectation that a specific good or service would be procured to carry out the award.

d. Cooperative Projects. Contracts or agreements for cooperative projects pursuant to Maine Revised Statutes Annotated: 5 MRSA §1825-B.

e. Library Books, Periodicals. Purchase of materials for addition to a library collection including costs of books, catalogs, periodicals, audiovisual and electronic media, and other publications. Each campus is responsible for developing purchasing policies and procedures for the library collections. Appropriate documentation shall be maintained on these purchases.

f. Purchase for Resale. Textbooks, course related materials, food, beverages and other items purchased for resale. Appropriate documentation shall be maintained on these purchases.

g. Honoraria. One time payments or awards to a non-employee without the usual employment or consultant requisites or obligations, e.g., guest speakers.

h. Investment Related Services. Manager, custodian, transition, or other investment services. These services will be obtained and terminated using a search or other due diligence process working with the competitively procured UMS investment consultant and/or the Board of Trustees Investment Committee.

i. Emergency Purchases. These may be made only to meet bona fide emergencies arising from unforeseeable causes. Emergency purchases should be made on the basis of competitive procurement and approved in advance whenever practicable. Appropriate documentation shall be maintained on the justification for any emergency purchase. An emergency procurement documentation form may be obtained in the forms section of the Office of Strategic Procurement website.
a. Emergency purchases less than $50,000 may only be approved in accordance with the written campus policy. Emergency purchases greater than or equal to $50,000 may only be approved in writing by the Chief Financial Officer (or designee) of the affected campus and the Chief Procurement Officer or other party authorized by the Vice Chancellor of Administration and Finance pursuant to APL IV C, Signature Authority.

j. Sole Source Purchases. Sole source purchases are made when goods or services, because of unique characteristics or other reasons, are available from only one source. In cases where an alternate supplier for a similar product or service cannot be identified, the requestor must document that a good faith effort has been made in seeking other sources. A listing of the unique technical specifications required of the product and the companies that were contacted in the search for alternate sources is necessary. Sole source justification cannot be based on quality, price, mere preference or urgency created by inadequate planning or untimely action by the requestor, such as the imminent expiration of a contract that could have been foreseen. All sole source justifications are subject to public review and must contain clear, in-depth and accurate information. The authorization and justification for these purchases shall be documented on a sole source form. The sole source form may be obtained in the forms section of the Office of Strategic Procurement website.

B: Special Conditions

1. Retention of documentation. Records documenting purchases and the competitive process must be kept in accordance with APL IV-D, Record Retention Practices.
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2. Employees. Payments to employees for services rendered are paid through the payroll system regardless of the service being performed. In unusual circumstances it may be appropriate to engage an employee as an independent contractor. Payment to an employee as an independent contractor requires approval of the System Office of Human Resources.

3. This APL is not applicable to new construction, modification or repair of a University owned building, utility land improvement or related such items that are to be procured according to the competitive procedures provided in pertinent APLs. (see APL II-H, Procedures for Obtaining Design and Contracting Services for Capital Construction Projects).

4. This APL is not applicable to architecture, landscape architecture, and engineering services or related such items that are to be procured according to the competitive procedures provided in pertinent APLs. (see APL II-H, Procedures for Obtaining Design and Contracting Services for Capital Construction Projects).

5. Leases
   a. All leases, regardless of whether they are leases to purchase the item or operating leases, are subject to the same thresholds as other purchases as described in Section V.B of this APL based on the total value of the payments to be made over the term of the lease. Signature authority and the need for review by University Counsel is addressed in APL IV-C, Signature Authority.
   b. Real Estate leases must be made in accordance with APL II-G, Acquisition of Real Property Through Purchase, Gift, Lease, or License and Section 801 of the Policy and Procedures Manual of the University of Maine System Board of Trustees.

6. Hazardous Material Products. All solicitations for the purchase of chemicals or compounds which may contain toxic or hazardous substances, e.g., cleaning supplies and chemicals of all types, shall require the vendor to certify and warrant that the items or products to be delivered shall be properly labeled as required by federal and state law and that by delivery of the items or products the vendor does not violate any of the prohibitions of federal and state law. Whenever toxic or hazardous chemicals are purchased, the vendor shall provide Material Safety Data Sheets (MSDS) to the University. The System Office of Facilities shall be consulted for the latest information about legal requirements.
7. On-site Labor. If there will be significant on-site labor as a component of a project over $50,000, there are additional legal requirements under the labor laws of the State of Maine concerning the minimum wages that must be paid to each category of laborers, workers and mechanics used in the performance of the contract. The System Office of Facilities should be consulted for information about these requirements.

8. Insurance Certificates. For all purchases or projects where a vendor or contractor is on University property for services beyond delivery, or other circumstances exist that may put the University at risk, insurance certificates must be obtained prior to the work. The University System Risk Manager can supply the requirements.

9. Property and Liability Insurance. Procurement of any property or liability insurance must be coordinated through the University System Risk Manager.

10. Legal Services. Contracts for legal services must be coordinated through the Office of University Counsel per Board of Trustees Policy, Section 210, Legal Affairs. Legal services involving tax or financial matters must also receive approval of the System finance office.

11. Audit Services. As further discussed in APL III-E, Internal Audit Services, the engagement of audit services requires the approval of the Vice Chancellor for Finance and Administration and Treasurer. Regarding the UMS independent public accountant, the Audit Committee of the Board or Trustees, is responsible for recommending to the Board all initial appointments.

12. Financial Matters. Contracts involving investment related services, banking, tax, and accounting matters must be coordinated through or approved by the System Controller.

13. Use of Bond Financed Facility: Management services, or other contracts, involving activities to be carried out in a bond financed facility must be screened for potential private business use in accordance with APL III-I Tax Exempt Debt Compliance.

14. Credit/Debit Card Services: In accordance with APL IV-F, Credit/Debit Card Standards, contracts for new e-commerce or software based credit card solutions will require review by the UMS Chief Information Officer and the UMS Chief Information Security Officer to determine compliance with the Payment Card Industry Data Security Standards.

15. Computer software and services. In order to ensure all volume based System-wide purchasing opportunities have been considered and to review any associated licensing agreements for appropriate terms and the reduction of risk, purchases of computer software and/or services of $25,000 or more must be reviewed by the UMS Chief Information Officer and Office of Strategic Procurement.
VI. ADDITIONAL CONSIDERATIONS FOR SERVICES CONTRACTING

All provisions outlined in sections III, IV, and V of this APL apply when securing service contracts. Competitive bidding thresholds apply and purchase orders must be created.

When contracting for services, the University must retain a sufficient element of control over the level and context of work performed to insure that it receives adequate value. An agreement or contract is necessary to assure that:

- the University is obtaining the services of the best alternative,
- the scope of work is clearly defined,
- responsibilities and expectations are clearly defined,
- the University receives what it contracted for,
- the cost of services and expenses are clearly stated,
- the contractor is only paid for services rendered,
- there is no actual or apparent wrong-doing or conflict of interest,
- employee vs. independent contractor status is clear,
- adequate records are maintained to withstand the scrutiny of an audit.

Arrangements to contract for services should only occur when a determination has been made that the services cannot be performed economically or satisfactorily by existing University staff during the course of their normal University responsibilities or duties.

Services may be provided by companies or individuals. Contracts with individuals (as defined by IRS guidelines) will be made in accordance with APL VII-H, Guidelines for Determining Employees or Independent Contractor Relationships.

IMPORTANT: The IRS has strict guidelines when doing business with non-resident aliens (foreign entities) when the service is being performed on US soil. Before securing contracts with foreign entities, contact your campus’ Purchasing/Business Services department to ensure appropriate protocol is followed.

1. Contract for Services Form

Fill out the standard Contract for Services (Attachment I to this APL) including Attachment A (Statement of Work) and Attachment B (Insurance Requirements). You may elicit the assistance of University Counsel or the Office of Strategic Procurement for wording specific to your contract. When completing the contract include Attachment C, Standards for Safeguarding Information whenever a service provider will have access to, or be provided with, Compliant Data or Business Sensitive Information, which the University requires to be safeguarded. Consult University Counsel if you are uncertain whether Attachment C is applicable.
a. Compliant Data is defined as data that the University needs to protect in accordance with statute, contract, law, or agreement. Examples include the Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act (HIPAA), Gramm-Leach-Bliley Act (GLBA), Maine Data Act, and the Payment Card Industry Data Security Standards (PCI-DSS).

b. Business Sensitive Information is defined as data which is not subject to statutory or contractual obligations, but where compromise or exposure of the information could result in damage or loss to the University.

2. Modifications to Standard Language in the Contract for Services

Based on the nature or scope of the contract, the offices of Strategic Procurement, University Counsel, and/or Information Security may need to be consulted to include wording tailored to the services engagement. Examples of services engagements requiring special contract terms include contracts:

   a. For information systems development work,
   b. That involves large-scale interactions with University Compliant Data or Business Sensitive Information,
   c. That involves data requiring special protections such as classified national security information or export control data (data that is legally restricted from export outside the United States),
   d. That includes storage, transmission, or processing of personal health information subject to HIPAA that requires a special Business Associate Agreement (Note that the terms of the Business Associate Agreement vary based on the services provided. Consult with University Counsel for appropriate terms),
   e. Where the Contractor proposes its own Terms and Conditions.

3. Signature Approval for Contracts

Once a Services Contract is completed (including proof of insurance) with signatures, (the contract signatory for the University should be that of a person authorized by APL IV-C, Signature Authority, to sign such documents), and prior to any services being performed, a Purchase Order must be approved and created via MaineStreet Marketplace. Submit a requisition in MaineStreet Marketplace (using the Personal and Professional Services form) and attach a scanned copy of the contract to the requisition. The PO should be sent to the Contractor and the Purchase Order number referenced on Contractor invoices.
4. Additional Signature Approval for Contracts Equal to or Greater than $50,000.

In addition to the steps outlined in section 3 above, signature of The University of Maine System (UMS) Chief Procurement Officer (“CPO”), or designee, is required before services are rendered for contracts equal to, or greater than, $50,000. Any contract or agreement for services that will, or may, result in the expenditure by the University of $50,000 or more must be approved in writing by the Chief Procurement Officer, or designee, and it is not approved, valid or effective until such written approval is granted.

Contracts secured per APL Section II-H, Procedures for Obtaining Design and Contracting Services for Capital Construction Projects are not subject to this provision.

5. Miscellaneous Services Contracting Notes:

a. Contractor expenses (including travel and other expenses) may be addressed in two ways when completing the Contract for Services:

1. Contracts may be negotiated that include the contractor’s expenses within the compensation for services. This shifts the burden of tracking expenses to the contractor and is the simplest approach to contractor expenses.

2. Contracts may be negotiated that include the provision for reimbursement of contractor expenses up to a certain dollar amount. The contract should be written to require that expenses be approved by the University and that expenses will be submitted and reimbursed consistent with University travel and expense policy, APL IV-B, Travel and Expense Procedures. This helps to ensure that contractor expenses are kept to a minimum and are well documented.

b. Contracts funded fully or in part by federal or state agencies shall meet all applicable standards and shall contain all necessary clauses required by federal or state statues, rules and regulations. The burden of complying with the requirements of the funding source rests with the Principal Investigator.

c. If the total cost of the contract for services will be less than $10,000, a contract still needs to be written and must contain the Standards for Safeguarding Information attachment, if applicable. Although contracts for services with a total cost of less than $10,000 do not require a competitive
process, it is highly recommended that the process described in this section of this APL be completed whenever multiple service providers can be identified. The process outlined in Section 3 above still applies.

d. The party with whom the University wishes to contract may have a contract they prefer to use over the one provided herein. Attachment C, Standards for Safeguarding Information, must be used in conjunction with any alternate contract that involves Compliant Data or Business Sensitive Information, which the University requires to be safeguarded. Any alternate contracts must be reviewed and approved by University Counsel.

e. For previously issued contracts that did not, but should, contain Standards for Safeguarding Customer Information language, Attachment C, Standards for Safeguarding Customer Information, should be issued.

f. Any changes to a signed contract should be in writing and signed by all parties. If the change affects the dollar amount of the contract, a PO Change Order in MaineStreet Marketplace should be issued as well.

VII. DEFINITIONS

A. Competitive Procurement Process: refers to all methods of obtaining prices from multiple vendors including selections based on bid price alone, qualifications alone or best value.

B. Quotation: refers to pricing obtained by direct contact with vendors through a number of informal, generally rapid, methods, including telephone, faxed, email or written quotations. Advertised prices, whether on paper or electronic media, are not considered quotations.

C. Bid: refers only to pricing obtained through a formal sealed bid process.

D. Proposal: refers only to information obtained from a vendor concerning goods or services through a formal sealed proposal process.

E. Request for Bid (RFB): refers to the document issued to solicit bids and is used when the goods or services being procured can be precisely described. Price is generally the determining factor in the award provided all other criteria set forth in the RFB are met. There is a public opening of the bids. The award is made to the lowest responsible and responsive bidder, unless in the judgment of the authorized purchasing agent, the best interests of the University would not be served by such an award.

F. Request for Proposal (RFP): refers to the document used to solicit proposals from vendors when a product or service cannot be specifically defined and the evaluation generally is based on a variety of criteria such as a proposal’s ability to meet the identified need, the
qualifications of the provider, the proposal’s conformity with the available specifications, and other factors as determined useful. The award will be made to the vendor whose proposal is determined to best meet the needs of the University taking into consideration the evaluation criteria set forth in the RFP. There is no public opening of proposals and all proposals are kept confidential until an award is made, at which time the proposals become public information subject to a written request referencing the Public Access laws. All proposals must be retained for a minimum of five (5) years.

G. Request for Qualifications (RFQ): refers to a document used to solicit letters of interest and statements of qualifications (submissions) when seeking persons or companies to perform services for the University. Although similar to an RFP, the RFQ is used when specific deliverables are not able to be clearly articulated and the credentials and qualifications of the provider are the major evaluation factors. From submitted letters of interest and statements of qualifications, a group of finalists is chosen and interviewed from which a single provider will be selected for award and subsequent contract per the stated evaluation criteria. There is no public opening of submissions and all submissions are kept confidential until an award is made, at which time the submissions become public information subject to a written request referencing the Public Access laws. All submissions must be retained.

H. Responsible Bidder: refers to a bidder or proposer who has the capability in all respects to perform the contract requirements in a manner which will assure reliability and good performance.

I. Standing Order: refers to a Purchase Order which has been issued to a vendor for small dollar, repetitive purchases of a specified type of supply item over a specified period of time (generally one fiscal year or less). Standing Orders must not cross fiscal years and should include the following details:

- Description of the type of supply items to be purchased,
- Period of time covered,
- Names of individuals authorized to make purchases
- Total “not to exceed” amount. In some cases it may be appropriate to indicate the dollar threshold per purchase.

Example of language used on a Standing Order:

“Standing Order for legal advertising for the period July 1, 2012 – June 30, 2013. Authorized Users: John Doe, David Boss. Single purchase not to exceed $50.00. Total purchases not to exceed $1000.00”

Standing Orders should not be used for items that can be purchased via MaineStreet Marketplace Contracted Suppliers.
Related Documents:

**APL Section I: Accounting**
APL Section I-E Petty Cash

**APL Section II: Facilities**
APL Section II-B Motor Vehicle Administration and Guidelines
APL Section II-F Sale or Lease of Real Property to Third Parties
APL Section II-G Acquisition of Real Property Through Purchase, Gift, Lease, or License
APL Section II-H Procedures for Obtaining Design and Contracting Services for Capital Construction Projects

**APL Section III – Finance**
APL Section III-E Internal Audit Services

**APL Section IV: General Administration**
APL Section IV-B Travel and Expense Procedures
APL Section IV-C Signature Authority
APL Section IV-D Record Retention Practices
APL Section IV-I Use of University Funds

**APL Section VI: Information Technology**
APL Section VI-A Business Case Process For Information Technology Projects
APL Section VI-B Information Security

**APL Section VII: Procurement**
APL Section VII-B Procurement Standards of Conduct
APL Section VII-C Purchasing Cards
APL Section VII-D Cellular Telephone Acquisition and Use
APL Section VII-H Determining Employee Versus Independent Contractor Status

**University of Maine System Policy Manual – Board of Trustees**
Section 206 Board of Trustees – Ethics Code and Conflict of Interest
Section 207 Signatory Authorities
Section 210 Legal Affairs
Section 410 Employee Conflict of Interest
Section 801 Acquisition of Real Property

**APPROVED**

Vice Chancellor of Finance and Administration
UNIVERSITY OF MAINE SYSTEM  
CONTRACT FOR SERVICES  
(not for use for architectural or engineering design contracts)

This Contract entered into this _____ day of __________, ______, by and between the University of Maine System, hereinafter referred to as the “University”; and __________________________________, hereinafter referred to as “Contractor”.

WHEREAS, the University desires to enter into a contract for professional services, and the Contractor represents itself as competent and qualified to accomplish the specific requirements of this Contract to the satisfaction of the University;

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties hereby agree as follows:

1. Specifications of Work: The Contractor agrees to perform the Specifications of Work as described in Attachment A, hereby incorporated by reference.

2. Term: This Contract shall commence on ______________________ and shall terminate on ______________________, unless terminated earlier as provided in this Contract.

3. Payment:
   A. The total of all payments made against this contract shall not exceed $_______. Any expenses not listed here will not be reimbursed.
   B. The University shall compensate the Contractor at the rate of $ ______ per _______ (hour, week, semester, entire project.) Payment will be made within 30 days upon submittal and approval of invoices.
   C. Reimbursement for travel:
      _____ All travel, lodging and meals are part of the compensation described in section A. No additional reimbursement will be made.
      OR
      _____ Contractor will be reimbursed for pre-approved travel, lodging and meals in an amount not to exceed $ _________. Copies of receipts or itemized bills for expenses must be submitted for reimbursement.
   D. Other expenses (postage, printing, phone, etc.) shall not exceed $ _____. Copies of receipts or itemized bills for expenses must be submitted for reimbursement.

4. Termination: This Contract may be terminated by mutual agreement of the parties or by either party upon thirty (30) days prior written notice to the other. If at any time the Contractor fails to comply with the provisions of this Contract, the University shall have the right to terminate this Contract immediately with written notice. Termination does not release the Contractor from its obligations to provide services per the terms of the Contract during the notification period.

5. Obligations Upon Termination: Any materials produced in performance of this agreement are the property of the University and shall be turned over to the University upon request. The University shall pay the Contractor for all services performed to the effective date of termination subject to offset of sums owed by the Contractor to the University.

6. Conflict of Interest: No officer or employee of the University shall participate in any decision relating to this contract which affects his or her personal interest in any entity in which he or she directly or indirectly has interest. No employee of the University shall have any interest, direct or indirect, in this contract or proceeds thereof.
7. **Modification:** This Contract may be modified or amended only in a writing signed by both parties.

8. **Assignment:** This Contract, or any part thereof, may not be assigned, transferred or subcontracted by the Contractor without the prior written consent of the University.

9. **Applicable Law:** This Contract shall be governed and interpreted according to the laws of the State of Maine.

10. **Administration:** ___________________________ shall be the University's authorized representative in all matters pertaining to the administration of the terms and conditions of this Contract and to whom all notices must be sent.

11. **Non-Discrimination:** In the execution of the contract, the Contractor shall not discriminate on the basis of race, color, religion, sex, sexual orientation, transgender status or gender expression, national origin or citizenship status, age, disability, genetic information, or veteran status and shall provide reasonable accommodations to qualified individuals with disabilities upon request. The university encourages the employment of qualified individuals with disabilities.

12. **Indemnification:** The Contractor shall comply with all applicable federal, state and local laws, rules, regulations, ordinances and orders relating to the services provided under this Contract. Contractor shall indemnify, defend and hold the University, its Trustees, officers, employees, and agents, harmless from and against any and all loss, liability, claims, damages, actions, lawsuits, judgments and costs, including reasonable attorney's fees, that the University may become liable to pay or defend arising from or attributable to any acts or omissions of the Contractor, its agents, employees or subcontractors, in performing its obligations under this Contract, including, without limitation, for violation of proprietary rights, copyrights, or rights of privacy, arising out of a publication, translation, reproduction, delivery, performance, use or disposition of any data furnished under the Contract or based on any libelous or other unlawful matter contained in such data.

13. **Contract Validity:** In the event one or more clauses of this Contract are declared invalid, void, unenforceable or illegal, that shall not affect the validity of the remaining portions of this Contract.

14. **Independent Contractor:** Contractor is an independent contractor of the University, not a partner, agent or joint venture of the University and neither Party shall hold itself out contrary to these terms by advertising or otherwise, nor shall either party be bound by any representation, act or omission whatsoever of the other. For US entities, Contractor, its employees and subcontractors if any, is/are independent contractors for whom no Federal or State Income Tax will be deducted by the University, and for whom no retirement benefits, social security benefits, group health or life insurance, vacation and sick leave, Worker's Compensation and similar benefits available to University's employees will accrue. The parties further understand that annual information returns as required by the Internal Revenue Code and Maine Income Tax Law will be filed by the University with copies sent to Contractor. Contractor will be responsible for compliance with all applicable laws, rules and regulations involving but not limited to, employment, labor, Workers Compensation, hours of work, working conditions, payment of wages, and payment of taxes, such as unemployment, social security and other payroll taxes, including other applicable contributions from such persons when required by law.

15. **Intellectual Property:** Any information and/or materials, finished or unfinished, produced in performance of this Contract, and all of the rights pertaining thereto, are the property of the University and shall be turned over to the University upon request.

16. **Entire Contract:** This Contract sets forth the entire agreement between the parties on the subject matter hereof and replaces and supersedes all prior agreements on the subject, whether oral or written, express or implied.
17. **Licensing:** Contractor shall secure in its name and at its expense all federal, state, and local licenses and permits required for operation under this Contract. Contractor shall provide proof of such licensure or permit to the University prior to commencing work under this Contract.

18. **Record Keeping, Audit and Inspection of Records:** The Contractor shall maintain books, records and other compilations of data pertaining to the requirements of the Contract to the extent and in such detail as shall properly substantiate claims for payment under the Contract. All such records shall be kept for a period of seven years or for such longer period as specified herein. All retention periods start on the first day after the final payment of the Contract. If any litigation, claim, negotiation, audit or other action involving the records is commenced prior to the expiration of the applicable retention period, all records shall be retained until completion of the action and resolution of all issues resulting therefrom, or until the end of the applicable retention period, whichever is later. The University, the grantor agency (if any), or any of their authorized representatives shall have the right at reasonable times and upon reasonable notice, to examine and copy the books, records and other compilations of data of the Contractor pertaining to this Contract. Such access shall include on-site audits.

19. **Publicity, Publication, Reproduction and use of Contract’s Products or Materials:** Unless otherwise provided by law or the University, title and possession of all data, reports, programs, software, equipment, furnishings and any other documentation or product paid for with University funds shall vest with the University. The Contractor shall at all times obtain the prior written approval of the University before it, any of its officers, agents, employees or subcontractors, either during or after termination of the Contract, makes any statement bearing on the work performed or data collected under this Contract to the press or issues any material for publication through any medium of communication. If the Contractor or any of its subcontractors publishes a work dealing with any aspect of performance under the Contract, or of the results and accomplishments attained in such performance, the University shall have a royalty free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use the publication.

20. **Confidentiality:** The contractor shall comply with all laws and regulations relating to confidentiality and privacy including but not limited to any rules or regulations of the University.

21. **Force Majeure:** Neither party shall be liable to the other or be deemed to be in breach of this Contract for any failure or delay in rendering performance arising out of causes beyond its reasonable control and without its fault or negligence. Such causes may include, but are not limited to, acts of God or of a public enemy, fires, flood, epidemics, strikes, embargoes or unusually severe weather. Dates or time of performance shall be extended to the extent of delays excused by this section provided that the party whose performance is affected notifies the other promptly of the existence and nature of such delay.

22. **Notices:** Unless otherwise specified in an attachment hereto, any notice hereunder shall be in writing and addressed to the persons and addresses below.

23. **Insurance Requirements:** Attachment B, hereby incorporated by reference.

24. **Standards for Safeguarding Information or Safeguarding Customer Information:** Attachment C, hereby incorporated by reference.
25. **Signatures:**

FOR THE UNIVERSITY OF MAINE SYSTEM:  
BY: __________________________ (signature)  
Name: __________________________ (print or type)  
Title: __________________________
Address: __________________________
Telephone: __________________________
Fax: __________________________
Date: __________________________

FOR THE CONTRACTOR:  
LEGAL NAME: __________________________
BY: __________________________ (signature)  
Name: __________________________ (print or type)  
Title: __________________________
Address: __________________________
Telephone: __________________________
Fax: __________________________
Date: __________________________
Tax ID #: __________________________

Per University policy, “Any contract or agreement for services that will, or may, result in the expenditure by the University of $50,000 or more must be approved in writing by the Chief Procurement Officer, or designee, and it is not approved, valid or effective until such written approval is granted.”

BY: __________________________
Title: __________________________
Chief Procurement Officer or designee
Date: __________________________
Attachment A

Specifications of Work to be Performed

The Contractor agrees to the Specifications of Work to be Performed as follows:

Additional Attachments, if applicable:

Insurance Requirements: Attachment B hereby incorporated by reference.
Attachment C: Standards for Safeguarding Information (additional signature required)
Contractor's Liability Insurance: During the term of this agreement, the Contractor shall maintain the following insurance:

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Coverage Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Commercial General Liability</td>
<td>$1,000,000 per occurrence or more (Bodily Injury and Property Damage)</td>
</tr>
<tr>
<td>(Written on an Occurrence-based form)</td>
<td></td>
</tr>
<tr>
<td>2. Vehicle Liability</td>
<td>$1,000,000 per occurrence or more (Bodily Injury and Property Damage)</td>
</tr>
<tr>
<td>(Including Hired &amp; Non-Owned)</td>
<td></td>
</tr>
<tr>
<td>3. Workers Compensation</td>
<td>Required for all personnel</td>
</tr>
<tr>
<td>(In Compliance with Maine Law)</td>
<td></td>
</tr>
</tbody>
</table>

Coverage limit requirements can be met with a single underlying insurance policy or through the combination of an underlying insurance policy plus an Umbrella insurance policy.

The University of Maine System shall be named as Additional Insured on the Commercial General Liability insurance.

Certificates of Insurance for all of the above insurance shall be filed with:
Office of Strategic Procurement
University of Maine System
16 Central Street
Bangor, Maine 04401

Certificates shall be filed prior to the date of performance under this Agreement. Said certificates, in addition to proof of coverage, shall contain the standard statement pertaining to written notification in the event of cancellation, with a thirty (30) day notification period.

The University reserves the right to change the insurance requirement or to approve alternative insurances or limits, at the University’s discretion.
Substitute Form W-9 - Taxpayer Identification Number Request & Certification

Please complete the following information. We are required by law to obtain this information from you when making a reportable payment to you. If you do not provide us with this information, your payments may be subject to federal income tax backup withholding. Use this form only if you are a U.S. person (including U.S. resident alien). If you are a foreign person, use the appropriate Form W-8.

Part 1 Tax Status:

Print Name: ____________________________________________________________________
Address (number, street, and apt. or suite no.):______________________________________________________________
City: ____________________________________________ State: _________________________ Zip: ________________
Phone: ( ____)_____________________________________

Complete One:

☐ Individual/Sole Proprietor       Business Name, if different from above _________________________________________
  Social Security Number   __ __ __ - __ __ -__ __ __ __
  - or -  Business EIN   __ __ - __ __ __ __ __ __ __

☐ Partnership EIN   __ __ - __ __ __ __ __ __ __

☐ Corporation EIN   __ __ - __ __ __ __ __ __ __

Please answer questions below if you are a corporation:
1. Corporation providing legal services?   Y  N
2. Corporation providing medical services?   Y  N

☐ Limited Liability Company       EIN   __ __ - __ __ __ __ __ __ __
☐ Tax-Exempt or Not-for-Profit under § 501(C)(3)   EIN   __ __ - __ __ __ __ __ __ __
☐ Government Entity       EIN   __ __ - __ __ __ __ __ __ __
☐ Estate or Trust       EIN   __ __ - __ __ __ __ __ __ __
☐ All other Entities       EIN   __ __ - __ __ __ __ __ __ __

Part 2 Exemption: If exempt from Form 1099 reporting, check here: ☐

  and circle your qualifying exemption reason below
  1. An organization exempt from tax under IRC section 501(a)
  2. The United States or any of its agencies or instrumentalities
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities
  5. An international organization or any of its agencies or instrumentalities
  6. Other: ___________________

Part 3 Certification:
Under penalties of perjury, I certify that:
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

Signature of U.S. person: __________________________________________________________  Date: _______________________________

Please return this form with the attached contract. Thank you for your cooperation.
UNIVERSITY OF MAINE SYSTEM
STANDARDS FOR SAFEGUARDING INFORMATION
ATTACHMENT C

This Attachment addresses the Contractor’s responsibility for safeguarding Compliant Data and Business Sensitive Information consistent with the University of Maine System’s Information Security Policy and Standards. (infosecurity.maine.edu)

Compliant Data is defined as data that the University needs to protect in accordance with statute, contract, law or agreement. Examples include Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act (HIPAA), Gramm-Leach-Bliley Act (GLBA), Maine Notice of Risk to Personal Data Act, and the Payment Card Industry Data Security Standards (PCI-DSS).

Business Sensitive Information is defined as data which is not subject to statutory or contractual obligations but where the compromise or exposure of the information could result in damage or loss to the University.

1. Standards for Safeguarding Information: The Contractor agrees to implement reasonable and appropriate security measures to protect all systems that transmit, store or process Compliant Data and Business Sensitive Information or personally identifiable information from Compliant Data and Business Sensitive Information furnished by the University, or collected by the Contractor on behalf of the University, against loss of data, unauthorized use or disclosure, and take measures to adequately protect against unauthorized access and malware in the course of this engagement.

   A. Compliant Data and Business Sensitive Information may include, but is not limited to names, addresses, phone numbers, financial information, bank account and credit card numbers, other employee and student personal information (including their academic record, etc.), Drivers License and Social Security numbers, in both paper and electronic format.

   B. If information pertaining to student educational records is accessed, transferred, stored or processed by Contractor; Contractor shall protect such data in accordance with FERPA.

   C. If information pertaining to protected health information is accessed, used, collected, transferred, stored or processed by Contractor; Contractor shall protect such data in accordance with HIPAA and Contractor shall sign and adhere to a Business Associate Agreement.

   D. If Contractor engages in electronic commerce on behalf of the University or cardholder data relating to University activities is accessed, transferred, stored or processed by Contractor; Contractor shall protect such data in accordance with current PCI-DSS guidelines.

   E. If information pertaining to protected “Customer Financial Information” is accessed, transferred, stored or processed by Contractor; Contractor shall protect such data in accordance with GLBA.

2. Prohibition of Unauthorized Use or Disclosure of Information: Contractor agrees to hold all information in strict confidence. Contractor shall not use or disclose information received from, or created or received by, Contractor on behalf of the University except as permitted or required by this Agreement, as required by law, or as otherwise authorized in writing by the University.

3. Return or Destruction of Compliant or Business Sensitive Information:

   A. Except as provided in Section 3(B), upon termination, cancellation, or expiration of the Agreement, for any reason, Contractor shall cease and desist all uses and disclosures of Compliant Data or Business Sensitive Information and shall immediately return or destroy (if the University gives written permission to destroy) in a reasonable manner all such information received from the University, or created or received by Contractor on behalf of the University, provided, however, that Contractor shall reasonably cooperate with the University to ensure that no original information records are destroyed. This provision shall apply to information that is in the possession of subcontractors or agents of Contractor.
Contractor shall retain no copies of University information, including any compilations derived from and allowing identification of any individual’s confidential information. Except as provided in Section 3(B), Contractor shall return (or destroy) information within 30 days after termination, cancellation, or expiration of this Agreement.

B. In the event that Contractor determines that returning or destroying any such information is infeasible, Contractor shall provide to University notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of such information is infeasible, Contractor shall extend the protections of this Agreement to such information and limit further uses and disclosures of such information to those purposes that make the return or destruction infeasible, for so long as Contractor maintains such information.

C. Contractor shall wipe or securely delete Compliant Data or Business Sensitive Information and personally identifiable information furnished by the University from storage media when no longer needed. Measures taken shall be commensurate with the standard for “clearing” as specified in the National Institute of Standards and Technology (NIST) Special Publication SP800-88: Guidelines for Media Sanitization, prior to disposal or reuse.

4. Term and Termination:
   A. This Attachment shall take effect upon execution and shall be in effect commensurate with the term of the Agreement.

5. Subcontractors and Agents: If Contractor provides any Compliant Data or Business Sensitive Information received from the University, or created or received by Contractor on behalf of the University, to a subcontractor or agent, the Contractor shall require such subcontractor or agent to agree to the same restrictions and conditions as are imposed on Contractor by this Agreement.

6. Contractor shall control access to University data: All Contractor employees shall be adequately screened, commensurate with the sensitivity of their jobs. Contractor agrees to limit employee access to data on a need-to-know basis. Contractor shall impose a disciplinary process for employees not following privacy procedures. Contractor shall have a process to remove access to University data immediately upon termination or re-assignment of an employee by the Contractor.

7. Unless otherwise stated in the agreement, all Compliant Data or Business Sensitive Information is the property of the University and shall be turned over to the University upon request.

8. Contractor shall not amend or replace University-owned hardware, software or data without prior authorization of the University.

9. If mobile devices are used in the performance of this Agreement to access University Compliant Data or Business Sensitive Information, Contractor shall install and activate authentication and encryption capabilities on each mobile device in use.

10. Reporting of Unauthorized Disclosures or Misuse of Information: Contractor shall report to the University any use or disclosure of Compliant Data or Business Sensitive Information not authorized by this Agreement or in writing by the University. Contractor shall make the report to the University not more than one (1) business day after Contractor learns of such use or disclosure. Contractor’s report shall identify: (i) the nature of the unauthorized use or disclosure, (ii) the information used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what Contractor has done or shall do to mitigate the effects of the unauthorized use or disclosure, and (v) what corrective action Contractor has taken or shall take to prevent future similar unauthorized use or disclosure. Contractor shall provide such other information, including a written report, as reasonably requested by the University. Contractor shall keep University informed on the progress of each step of the incident response. Contractor shall indemnify and hold University harmless from all liabilities, costs and damages arising out of or in any manner connected with the security breach or unauthorized use or disclosure by Contractor of any University
Compliant Data or Business Sensitive Information. Contractor shall mitigate, to the extent practicable, any harmful effect that is known to Contractor of a security breach or use or disclosure of Compliant Data or Business Sensitive Information by Contractor in violation of the requirements of this Agreement. In addition to the rights of the Parties established by this Agreement, if the University reasonably determines in good faith that Contractor has materially breached any of its obligations, the University, in its sole discretion, shall have the right to:

- Inspect the data that has not been safeguarded and thus has resulted in the material breach, and/or
- Require Contractor to submit a plan of monitoring and reporting, as the University may determine necessary to maintain compliance with this Agreement;
- and/or Terminate the Agreement immediately.

11. Survival: The respective rights and obligations of Contractor under Section 12 of the Agreement or Section 3 of this Attachment shall survive the termination of this Agreement.

12. Contractor Hosted Data: If Contractor hosts University Compliant Data or Business Sensitive Data, in or on Contractor facilities, the following clauses apply.

A. Contractor computers that host University Compliant Data or Business Sensitive Information shall be housed in secure areas that have adequate walls and entry control such as a card controlled entry or staffed reception desk. Only authorized personnel shall be allowed to enter and visitor entry will be strictly controlled.

B. Contractor shall design and apply physical protection against damage from fire, flood, earthquake, explosion, civil unrest, and other forms of natural or man-made disasters. Contractor shall protect hosted systems with Uninterruptible Power Supply (UPS) devices sufficient to meet business continuity requirements.

C. Contractor shall backup systems or media stored at a separate location with incremental back-ups at least daily and full back-ups at least weekly. Incremental and full back-ups shall be retained for 15 days and 45 days respectively. Contractor shall test restore procedures not less than once per year.

D. Contractor shall provide for reasonable and adequate protection on its network and system to include firewall and intrusion detection/prevention.

E. Contractor shall use strong encryption and certificate-based authentication on any server hosting online and e-commerce transactions with the University to ensure the confidentiality and non-repudiation of the transaction while crossing networks.

F. The installation or modification of software on systems containing University Compliant Data or Business Sensitive Information shall be subject to formal change management procedures and segregation of duties requirements.

G. Contractor who hosts University Compliant Data or Business Sensitive Information shall engage an independent third-party auditor to evaluate the information security controls not less than every two (2) years. Such evaluations shall be made available to the University upon request.

H. Contractor shall require strong passwords for any user accessing personally identifiable information or data covered under law, regulation, or standard such as HIPAA, FERPA, or PCI. Strong passwords shall be at least eight characters long; contain at least one upper and one lower case alphabetic characters; and contain at least one numeric or special character.

13. If the Contractor provides system development, Compliant Data or Business Sensitive Information shall not be used in the development or test environments. Records that contain these types of data elements may be used if that data is first de-identified, masked or altered so that the original value is not recoverable. For
programs that process University data, initial implementation as well as applied updates and modifications must be produced from specifically authorized and trusted program source libraries and personnel. Contractor shall provide documentation of a risk assessment of new system development or changes to a system.

UNIVERSITY
By: ____________________________
Signature ____________________________
Printed ____________________________
Title ____________________________
Date ____________________________
Address ____________________________

CONTRACTOR
By: ____________________________
Signature ____________________________
Printed ____________________________
Title ____________________________
Date ____________________________
Address ____________________________