

I. General Rules

A. General Rules applying to all types of contracts:

1. Nature of services (individual, professional, consulting, etc.);
2. Generally, the department cannot contract with a state employee (with some exceptions);
3. The department cannot contract with someone whom LSU has employed within two years before the start date of the contract for the same work they did at LSU, including periods of appointment; nor can they work for LSU through a corporation/company that has a contract with LSU;
4. Contracts received by the Contracts' Office sixty or more days after the effective date of the contract must be accompanied with a late letter of justification addressed to the Dean, to the Assistant Dean for Financial Affairs, or to the Vice-Chancellor for Financial Affairs;
5. Contracts cannot be executed, amended, or extended once they have expired. An alternative is a renewal or a new contract;
6. If the contract is a renewal or an amendment, attach a copy of the fully executed original contract;
7. If other party is a corporation (for profit or nonprofit, must have a formal, dated board resolution, showing who has the authority to sign the contract on behalf of the corporation). In addition, the contract must also have a disclosure of ownership form unless the corporation is publicly traded;
8. Do not inappropriately include language that can be construed as a lease of real property (e.g., provide space). If an agreement is deemed to be a lease, please remember the Board of Supervisors must approve all leases.
9. For expenditure contracts, the other party must sign and date the contract first before processing through LSU.
10. For income generating contracts it is not necessary that the other party signs first.
11. **Do not forward any contract with handwritten corrections, obvious erasures, insertions, etc.;**
12. Please proofread for spelling and grammar errors and automatic changes;
13. Be careful with interdependent contracts, and intra-agency agreements;
14. All contracts, whether expenditure, non-paying or income-generating, must have a contract cover sheet;
15. Please review the contract checklist before submission. Contracts that not comply with checklist submission items will be returned to the department;
16. Be sure the contract has the correct signature lines;
17. Templates provided by the Contract Management office must be used;
18. **Be sure the contract has LSU's correct name: Board of Supervisors of Louisiana State University and Agricultural and Mechanical College on behalf of its Louisiana State University health Sciences Center, Department of ----, School of Medicine in New Orleans.**

II. Expenditure Contracts

A. General rules for all expenditure contracts (Check the OCR website for more required language)

1. Insert the complete name and full address, including zip code, of the other party in body of contract;
2. Beginning and end dates (generally limited to one year duration);
3. Complete description of services;
4. Maximum compensation, including a budget category if appropriate;
5. Payment to be made upon full and satisfactory performance;
6. A payment schedule (e.g., payment will be made monthly upon receipt of appropriate invoices);
7. Prohibition on assignment (except for monies due, and in this case a notice is required);
8. Right to inspect books and records (Legislative Auditor and/or office of the Governor, division of administration Auditor etc.);
9. Other party's assumption of any taxes which may be due, including their Federal TAX ID # or SSN#;
10. The contract must have a termination section;

11. Specific non-discriminating language is required;
12. If travel is to be reimbursed, there must be language that says all travel will be reimbursed in accordance with PPM 49, the state general travel regulations and a line item must be in the budget for travel;
13. If you are subcontracting from a grant/contract (PHS, NIH, Foundations, other universities), you must include a copy of the award notice or other documents from the prime source contractor that gives you authority to subcontract funds. The prime source must provide documentation (PHS, foundation) that specifically includes the subcontractor name and dollar amount;
14. Templates provided by the Contract Management office must be used;
15. If a prime source does not provide documentation that specifically includes the subcontractor by name and dollar amount, the subcontract and/or any exceptions addendum will have to be sent to OCR for approval, and rules governing cost-benefit analysis, goals, objectives, monitoring plan, etc. are required.
16. **A lineout, strike through, handwritten notations, addition, or other changes will be not accepted.**

B. Contracts for \$20,000.00 or less:

1. Approval by Vice-Chancellor of Administration & Finance;
2. The Department cannot artificially divide a contract to exceed \$20,000.00;
3. Subject to same general rules;

C. Special considerations for contracts of \$5,000.00 or more

1. Cost benefit analysis required;
2. Goals, measurable objectives, performance outcomes, and a monitoring plan are required by OCR;
3. A certification letter is required (OCR standard);
4. If the contract is a subcontract 1, 2 and 3 above do not apply. The exception is a subcontract funded from state dollars, e.g., Board of Regents. (Where funds are from another state source, 2 and 3 are required)

D. Contracts for more than \$20,000.00:

1. Approval by OCR (Office of Contractual Review in Baton Rouge);
2. Signature line for the President of LSU System (PM-44)

E. Special considerations for contracts greater than \$20,000.00 or more

1. If the contract is for consulting services up to \$49,999.99, it should be done through bidding RFP unless there is an emergency or the contractor is a sole source provider of services – special approval is needed for these. They cannot be done at the department's discretion. The department should first consult with the VCAF before routing the contract;
2. If the contract is for social services up to \$150,000.00, it should be done through bidding RFP unless there is an emergency or the contractor is a sole source provider of services – special approval is needed for these. They cannot be done at the department's discretion. The department should first consult with the VCAF before routing the contract;

F. Special Considerations for preprinted Multi-Part, Carbon less contracts

1. Include beginning/ending dates of performance;
2. Description of services must be specific (e.g., lecture or presentation: give title);
3. Generally, if used for a visit for a short duration two or three sentences should suffice;

Contract Guidelines

4. If not for a short visit, the description of services should be more detailed. The department can attach a scope of work in the area for description of services and type: "Contractor shall perform in accordance with Attachment A, attached hereto and incorporated herein for reference";
5. Compensation - between the description of services and compensation, there must be an objective way to measure the other person's performance and type/amount of work and amount of funds requested;
6. Short duration and/or low dollar amounts (e.g., recruitment, lectures, etc.): description of services plus total compensation is sufficient. In addition, if the contract is for less than \$2,000.00 Board Resolution for corporations and disclosure of ownership is not required;
7. Longer periods and/or larger amounts should specify either an hourly rate and/or measurable performance standards with cost (e.g., rewrite computer program \$250.00, rewrite documentation \$300.00, develop new records \$750.00, etc.);
8. Include other party's SSN# or Federal TAX ID # or fill in not applicable for foreign citizens;
9. Special rules for aliens: attach copy of the passport (with picture and personal information), attach copy of I-94 form, attach copy of the letter of invitation, and form B-1;
10. Attach five copies of all attachments to the preprinted contract;
11. Keep copies of invoices, travel expenses for your files. **(Do not mention travel or reimbursement for travel in the contract or any attachments or any enclosed letters.)**
12. Contractor first must sign the contract, and then department head or designee must sign, and fill the portion that says: "thus done and signed at New Orleans ..." (Date entered should be the date signed by the department head.)

II. Income-Generating Contracts

1. LSU can execute before other party executes;
2. We advise the department to review the contract with the other party before routing for signatures;
3. Negotiations should be done before routing the contract;
4. If the contract is for professional services, the department should use the contract negotiation sheet throughout the negotiation process (compensation should be negotiated at arms-length);
5. If the contract is for professional services, attach the FMV (Fair Market Value) spreadsheet and the income distribution sheet;
6. If the contract hourly rate is below cost, the department needs to prepare a justification letter explaining why it is in the School's best interest to recover less (i.e. Cooperative endeavors or other arrangements may exist that explain why it is in School's best interest to recover less). As a rule, the school must recover actual cost (direct and indirect) from non-governmental third parties;
7. The department must also justify any reimbursement in excess of total cost.
8. If the contract is for professional services the department should keep all supporting documents to prove the agreement was negotiated at arms-length;
9. Double check the tax ID #. If the contract is for professional services, specify that Accounting, LSUHSC Clinics, LSU Healthcare Network, or Sponsored Projects will do any billing due for professional services rendered by LSU's professionals.

Please before submitting your contract to the Contracts' Office please log the agreement into the Contracts' database.

The database is available at https://www.medschool.lsuhschool.edu/fiscal_affairs/contracts/

Definitions for Consulting, Professional, and Personal contracts

"**Consulting service**" means work, other than professional, personal, or social service, rendered by either individuals or firms who possess specialized knowledge, experience, and expertise to investigate assigned problems or projects and to provide counsel, review, design, development, analysis, or advice in formulating or implementing programs or services, or improvements in programs or services, including but not limited to such areas as management, personnel, finance, accounting, planning, data processing, and advertising contracts, except for printing associated therewith.

The term "**consulting service**" includes the procurement of supplies and services by a contractor without the necessity of complying with provisions of the Louisiana Procurement Code when such supplies and services are merely ancillary to the provision of consulting services under a contingency fee arrangement, even though the procurement of such supplies or services directly by a governmental body would require compliance with the Louisiana Procurement Code. Supplies or services ancillary to the provision of consulting services are those supplies or services which assist the contractor in fulfilling the objective of his contract when the cost for such supplies and services is less than the cost of providing consulting services, as determined by the using agency.

"**Personal service**" means work rendered by individuals which requires use of creative or artistic skills, such as but not limited to graphic artists, sculptors, musicians, photographers, and writers, or which requires use of highly technical or unique individual skills or talents, such as but not limited to paramedicals, therapists, handwriting analysts, foreign representatives, and expert witnesses for adjudications or other court proceedings. A "foreign representative" shall mean a person in a foreign country whose education and experience qualify such person to represent the state in such foreign country.

"**Professional service**" means work rendered by an independent contractor who has a professed knowledge of some department of learning or science used by its practical application to the affairs of other s or in the practice of an art founded on it, which independent contractor shall include but not be limited to lawyers, doctors, dentists, psychologists, certified advanced practice nurses, veterinarians, architects, engineers, land surveyors, landscape architects, accountants, actuaries, and claims adjusters. A profession is a vocation founded upon prolonged and specialized intellectual training which enables a particular service to be rendered. The word "professional" implies professed attainments in special knowledge as distinguished from mere skill. For contracts with a total amount of compensation of fifty thousand dollars or more, the definition of "professional service" shall be limited to lawyers, doctors, dentists, psychologists, certified advanced practice nurses, veterinarians, architects, engineers, land surveyors, landscape architects, accountants, actuaries, claims adjusters, and any other profession that may be added by regulations adopted by the office of contractual review of the division of administration.