

Title:	Contract Requisition with Vendors for Goods or Services and Office Leases	Effective Date:	12/12/2013
Author:	Cathy Oblea	Last Review Date:	03/03/2022
Location:	All Locations	Last Revision Date:	03/03/2022
Functional Area:	Legal		

POLICY

All contracts with vendors for goods or services purchased by Liberty and all leases for office space must be approved by the Legal Department. Liberty uses the CONTRACT REQUISITION FORM to document and communicate a request to contract with a vendor. The prompt and accurate submission and processing of the CONTRACT REQUISITION FORM ensures that the Legal Department is given accurate information and context within which to review/draft and negotiate a contract and ensures that general contract terms are approved and are within approved budgeted rates.

PROCEDURE

Liberty's Procurement, Purchasing and Leasing Policy provides guidelines for Liberty's employees to utilize in obtaining the best value through the procurement of materials, goods, and services. These guidelines are included as Attachment C. Please also refer to Liberty's Guidelines for Purchasing Goods or Services Manual which identifies Liberty's preferred vendors before choosing a vendor. This Manual can be found on Employee Self Service (Employee Self Service will be replaced by UKG later this year). When a contract with the selected vendor is required, the following steps apply.

- If the vendor provided a proposed contract, the person requesting the contract should review it thoroughly prior to submission and only submit it to the Legal Department when the contract is either satisfactory to the requestor or with potential issues identified. Attachments A and B provide some guidelines regarding reviewing a contract and an office lease.
- *Completion of a Contract Requisition (Contract Req) Form:* The form can be found under the Legal and Business Insurance section of the Forms folder on Employee Self Service or the Shared Directory/General Access/Forms/Legal and Business Insurance/Contract Requisition Form with Vendors for Goods or Services. The form is completed by the employee responsible for the purchase (Contract Requestor – CR) and emailed to Liberty's Director of Legal Support and appropriate Contract Manager for approval. Documentation supporting the request, in accordance with the Procurement, Purchasing and Leasing Policy, is attached. The Contract Manager promptly approves the request, requests additional information, or denies it. When the Director of Legal Support has the approval of the Contract Manager, the Director of Legal Support assigns the request to a member of Liberty's Legal Department and the contracting process commences.
- The process begins by either reviewing the proposed contract provided or by drafting a proposed contract. Suggested revisions, comments, questions or concerns will be communicated to the CR for review and feedback. Depending on the circumstances and the unique nature of each contract, negotiations may be needed. Various appropriate Liberty approvals will be obtained.
- Once approved, the contract is put into final form and sent to the party we are contracting with for review. If not acceptable, negotiations continue as set forth above. If acceptable, the contract is approved and signed by both parties.
- When a fully signed contract is obtained, it is emailed to all appropriate parties.

- As a general rule, the Contract Requisition Form should be submitted to the Legal Department as far in advance as possible. There are several factors that can impact the turnaround time of a contract request some of which are: the complexity level of certain agreements; the current volume of contract requests; the length of the response time if additional information is needed to complete the request; and the schedules/availability of the approving personnel. However, know that each contract request is processed in as timely a fashion as is possible given the circumstances.

Approved By: _____

Revision History

Version	Date	Author	Summary of Changes
#1	12/12/2013	Cathy Oblea	Policy Created
#2	06/28/2021	Cathy Oblea	Policy reviewed with the following changes made: Procedure changed to Policies, VPO changed to Contract Manager and other changes made throughout
#3	03/03/2022	Cathy Oblea	Reference to UKG as replacement for ESS

See Guidelines set forth on Attachments A, B and C on the Following Pages

Attachment A

The following guidelines are provided to assist Liberty employees in reviewing a contract. It is Liberty's expectation that its employees will utilize this guide, as applicable.

- The contract should state the correct Liberty entity name (i.e. Liberty Healthcare Corporation; Liberty of Oklahoma Corporation; Liberty Behavioral Health Corporation, Liberty Residential Services, Inc., etc.).
- The contract should be clear about exactly what is being purchased whether it is goods or services (i.e. make, model number, quantity, pricing, etc.).
- The contract should be as specific as possible as to how and when goods or services will be delivered.
- The contract should have an "out" clause that enables Liberty to terminate the contract without cause at any time or within 30 days or another reasonable amount of time.
- If the contract has a Penalties for Late Payment section it should not exceed .05% per month for a late fee and it should also allow at least 30 days for Liberty to render such payments from the time Liberty receives and approves the invoice.
- If a vendor is providing services to Liberty on-grounds at a Program, the contract should state that the vendor carries general liability and worker's compensation insurance in limits as specified by state law. More specific insurance types and limits may be required depending on the circumstances. The Legal Department will advise during its review of the contract.
- All notices to be sent to Liberty pursuant to a contract should be sent to the attention of Liberty's President.
- Successors & Assigns - The contract shouldn't allow the assignment of goods, services, rights, duties and/or obligations to a third party without Liberty's consent in writing.
- Attorney's Fees - should not be included, if at all possible.
- Governing Law - should be Pennsylvania, if at all possible.
- Hold Harmless - Liberty should be held harmless, if at all possible.
- All contract provisions should be as clear as possible and not be subject to more than one interpretation.

Attachment B

The following guidelines are provided to assist Liberty employees in reviewing an office lease. It is Liberty's expectation that its employees will utilize this guide, as applicable.

Initial Considerations:

- What are our needs (location, features and amenities needed, the number of FTE's using the space)?
- What is our budget?
- What space is available in the marketplace for our budget?
- Is a commercial realtor needed (consult with Contract Manager)?

Office Leases should include:

- The full legal name (i.e. Inc., Corp., LLC, etc.) and full address (i.e. street number and name, suite number, city, state and zip) of the Landlord/Lessor and Tenant/Lessee (i.e. Liberty Healthcare Corporation; Liberty of Oklahoma Corporation; Liberty Behavioral Health Corporation, Liberty Residential Services, Inc., etc.);
- The full address of the property being leased ("Premises");
- The square footage of the Premises;
- The lease should have an "out" clause that enables Liberty to terminate the lease without cause at any time or within 30 days or another reasonable amount of time. If not possible, then an "out" clause if our Client Contract (State, County, Hospital, etc.) ends for any reason or is substantially reduced.
- The Landlord (not Tenant) shall:
 - Be responsible for keeping the electrical, plumbing, heating and air conditioning systems and any other systems, equipment or fixtures servicing the Premises in good working order and in a safe condition.
 - Be responsible for all repairs required to all building systems described above, as well as the roof, exterior walls, structural foundations and avenues for ingress and egress (hallways, entrances and exits).
 - Be responsible for maintaining in good condition such portions adjacent to the Premises such as sidewalks, driveways, lawns, shrubbery and daily janitorial service at no additional cost to Tenant.
 - Provide all utilities (water, oil, gas, electric, sewer, etc.) to Premises for use of Tenant at no additional cost to Tenant.
 - Provide general liability insurance for the building and grounds. (Tenant shall provide general liability for the Premises and property insurance for the contents.)

Office Leases should NOT include:

- Language that Tenant shall be required to pay liquidated damages;
- Language that Tenant shall appoint Landlord as attorney-in-fact;
- Language that Tenant shall provide its financial statements.

Some Additional Considerations:

- Is parking included or excluded? If included, the Lease should specify the details (i.e. location, number of spaces, are the spaces designated, etc.).
- Is security needed? If so, does the Landlord provide it at no additional cost?
- Make sure any references in the Lease to Riders, Attachments or Exhibits are included.

Attachment C

Guidelines on Purchasing or Leasing Practices

The following guidelines are provided to assist Liberty Employees in conducting a thorough procurement process once a business need for goods (e.g. equipment, supplies) or services (e.g. maintenance, experts) arises. It is Liberty's expectation that its Employees will utilize this guide, as applicable.

I. Selecting Vendors

A. Research- Identify vendors who can provide the goods or services needed

- Yes No (1) Refer to Liberty's Guidelines for Purchasing Goods or Services Manual which identifies Liberty's preferred vendors;
- Yes No (2) Check with the corporate office to see if it has a relationship with an existing vendor that could be utilized.
- Yes No (3) Talk to colleagues who might have purchased or leased a similar good or service;
- Yes No (4) Conduct an internet search for the best vendors and best pricing locally, nationally, and/or internationally;
- Yes No (5) Consult trade publications, directories, supplier catalogues, and professional journals;

B. Once a list of potential vendors has been identified, begin evaluating each vendor's capabilities.

- Yes No (1) Check references of the vendor's primary customers;
- Yes No (2) How long has the vendor been in business?
- Yes No (3) Does the vendor use technology that is adequate to meet business need?
- Yes No (4) Does the vendor offer any discounts that we would be eligible for?

C. After potential vendors have been evaluated, identify which vendors to obtain quotes/proposals from.

II. Obtaining Quotes/Proposals

A. In order to make an informed and objective decision, it is important to comparison shop for the best pricing, quality, and service.

- (1) Each quote/proposal should contain the same or substantially similar detail:
 - a. The goods or services should be described in detail and specifications should be clear and complete:
 - Yes No i. Quantity;
 - Yes No ii. Quality of Goods/Acceptable Level of Performance for Services;
 - Yes No iii. Delivery Terms/Location;
 - Yes No iv. Warranty;

Yes No

v. Pricing (cost per item/hour/flat fee; shipping; purchasing vs. leasing; one-time cost, annual cost or both);

Yes No

vi. Payment Terms;

Yes No

vii. Service Deliverables;

Yes No

viii. Will the Vendor have access to **PHI**?

Protected Health Information (PHI) under US law is any information about health status, provision of health care, or payment for healthcare that is created or collected by a Covered Entity (or a Business Associate of a Covered Entity) and can be linked to a specific individual.

Yes No N/A

ix. Is the Vendor HIPAA compliant?

Yes No N/A

x. Will the Vendor sign our Business Associate Agreement?

Yes No N/A

xi. Is the Vendor located in the United States?

If no, we will need IRS Form W8BEN which can be obtained from the Accounting Department's Controller or designee.

Yes No N/A

xii. Will any services be provided, or data accessed outside of the US?

(2) Will a contract be needed? If unsure, contact the Legal Department.

If so, obtain copies of the potential vendor(s)' proposed contracts electronically via e-mail so that if changes are needed during negotiation they can be tracked. Contracts should be compared to each other to help determine what is reasonable to expect and should be used as a tool in negotiations with the potential vendors.

(3) Determine the total annual cost;

(4) Determine the impact on budget;

(5) Determine whether purchasing or leasing is more advantageous;

(6) Discuss with the Supervisor/Executive Director/ Contract Manager/Vice President/Chief Operating Officer as appropriate;

(7) Determine which vendor is the best choice;

Yes No

Are you aware of any conflict of interest that exists, could potentially exist or appear to exist with the chosen Vendor?

If so, you are required to notify the Supervisor/Executive Director/ Contract Manager/Vice President/ Chief Operating Officer, as appropriate.

(8) Determine whether to proceed;

(9) If it is decided that a purchase or lease is not appropriate, determine alternative ways to address the business need (e.g. repair existing equipment; negotiate pricing/services with identified vendors; identify additional vendors with better pricing/services, etc.) and proceed accordingly;

- (10) If it is decided that a purchase should be made or a lease entered into, determine which dollar amount threshold (as set forth in the table below) is applicable and proceed according to the remainder of the Procurement, Purchasing & Leasing SOP.

Purchases or Leases of goods or services whose total annual cost is:

Under \$1,000.00	Over \$1,000.00 but Under \$10,000.00	\$10,000.00 or Over
<p>Written quotes/proposals are not required if the cost is within budget and the purchase or lease is approved by the appropriate Manager(s).</p> <p>However, Liberty encourages contacting several vendors in order to obtain the best value.</p>	<p>Written quotes/proposals are not required (but are recommended) if the cost is within budget and the purchase or lease is approved by the appropriate Contract Manager.</p> <p>However, two to three estimates through an internet search or other reasonable means shall be obtained.</p>	<p>Written quotes/proposals are required and shall be obtained from three vendors.</p> <p>A memo is prepared stating why the purchase or lease is needed, which vendor offers the best value, if the cost is within budget or an explanation if the cost is not within budget.</p> <p>The written quotes/proposals and memo are submitted to the appropriate Contract Manager.</p> <p>If written quotes/proposals cannot be obtained from three vendors, the memo should also include the reason and what alternative steps were taken to ensure favorable pricing/quality/service was obtained.</p> <p>The Contract Manager approves the recommendation, requests additional information, or denies it.</p>

III. **Negotiation**

A. It is often necessary to negotiate with the selected vendor.

(1) Some examples of when negotiation should be used is:

- a. The purchase or lease involves a significant amount of money or represents an ongoing effort;
- b. There are a limited number of potential vendors who can provide the goods/services or no other vendor is available.

(2) Some negotiation strategies are:

- a. Only negotiate with those representatives of the vendor who are authorized to make concessions;
- b. Being silent can be an effective tool as the vendor may find that silence could mean that they might lose the business and in turn may be more willing to offer better terms or conditions.
- c. Don't reduce the ability to bargain effectively by making statements that indicate that there are no other options available. Don't reveal the maximum amount budgeted for the expenditure. Don't indicate that the need is urgent as it could affect the price unless doing so would enhance bargaining power rather than detract from bargaining power.