

How to create a business contract for Champlain College

What College employees need to know about the contracting process

(rev. 8-10-2018)

This information sheet provides a general overview about how to create a business contract for the College. Please contact the Contract & Risk Management Director if you have questions.

NOTE: As we move to Oracle in Fall, 2018, some of these processes may change and this information will be updated.

Who is responsible for making contracts?

In general:

You (**Departments**) are responsible for the life cycle of the contract, from negotiation through completion.

The **Contract & Risk Management** office and the **Finance** department are generally responsible for review of legal, insurance, risk and financial issues; signing contracts; and assisting with contract interpretation and dispute resolution.

What contracts are considered "business contracts"?

Business contracts include any legally-binding commitment of the College to acquire or provide products or services or engage in other financial transactions. A document can be a contract regardless of the title: "contract," "MOU", "letter agreement", "master agreement," etc. A verbal commitment may also be a contract, but we want to have contract terms in writing.

Examples of types of business contracts include:

- Agreeing for a vendor to provide services
- Purchasing or leasing products or equipment
- Engaging an independent contractor or consultant for a project
- Hiring a speaker
- Renting a hotel or conference facility for an event
- Licensing software
- Etc.

When in doubt about whether you are dealing with a contract, ask the Contract & Risk Management Director.

Are purchase orders, service orders, etc., considered “business contracts”?

Some purchase orders and service orders are issued in connection with an existing contract or master agreement that has already been approved and signed by the College. If the vendor requires a signature, the Department can sign these forms.

Purchase orders and service orders that are not connected with an existing, approved contract create a new contractual obligation for the College, and therefore must be approved and signed by Finance. In some circumstances, the Vice President, Finance may authorize Departments to sign these orders.

Why do all contracts have to be reviewed?

Any contract may present legal, financial or other risks. Even seemingly straight-forward contracts have the potential to expose the College to unexpected obligations or conditions that could increase costs or expose the College to unacceptable liability. In addition, reviews frequently find mistakes or missing information. Finally, some contracts will need approvals by managers, officers or the Board. Therefore, all contracts are to be reviewed by the Contract & Risk Management Director and approved by Finance. (For more information, see Finance Policy No. 305)

Can I sign a contract?

The Board of Trustees requires that only certain College officers sign contracts on behalf of the college. Our process is that **business contracts are to be signed only by the Vice President, Finance/Treasurer, the Assistant Treasurer**, or others they have authorized to sign in writing.

How do I do an RFP (Request for Proposal)?

If you want to get multiple bids for a large project, you should prepare an RFP that describes the project in detail and the general terms and conditions. An RFP form is available on this web page. Finance and Contract & Risk Management can assist with completing the RFP.

What are the general steps in the contracting process?

The contracting process can vary, but this is a typical way contracts are made is:

1. You (the Department) should start by making sure you have budget dollars allocated to cover the expense of the contract.
2. You negotiate the business terms of the contract with the vendor.

For example: description of what you're buying; how much it costs; when it will be delivered.

3. The vendor typically sends you a proposed contract form.

We can prepare a contract form if needed.

4. You send the proposed contract to the Contract & Risk Management Director to review the risk, insurance and legal aspects. Use the [Contract Review Request form](#) (found on the Contract & Risk Management web page).

This step may involve negotiations, revisions, approval of managers, work with attorneys, etc. Review can take anywhere from a day or two to several weeks, depending on the complexity. Please leave yourself enough time for this review.

5. Finance approves and signs the contract, and returns it to you.

You must provide a budget number and assure you have funds (including funds for ongoing support, annual maintenance costs, etc.)

6. You have the vendor sign the contract and send a fully-signed copy back to the Contract & Risk Management Director.

Risk Management maintains a contract management database called iContracts.

What happens once a contract is signed?

Once you have a final, signed contract you are generally responsible for managing the contract through completion. This includes:

- Assuring the College and vendor comply with contract requirements.
- Requisitioning payments and managing Department budget.
- Tracking termination or renewal dates.

Note: Notices of termination should be prepared by Finance, not the Departments.

Do you have any tips to make the contracting process run smoothly?

- Include Risk Management and Finance and all stakeholders early in the process (such as Information Services or any other department affected by the contract).
- Identify where the funds are coming from. Provide Risk Management with the budget number.
- Allow enough time for contracts to work their way through this process.