



Contract Review Procedure

Effective Date: July 1, 2014

1) PREFACE

- a) As outlined in Utah State University Policy 528, Contract Signature Authority and Delegation, contracts unrelated to sponsored research are to be routed through Purchasing and Contract Services for institutional review prior to signing. Noted below is the procedure for employees and departments to follow when processing contracts.

2) DEFINITIONS

- a) **Contract:** A written agreement or other formal instrument where there is mutual agreement to terms that bind the University to any legal obligation. Typically, at least one party to the transaction is external to the University. A contract may be in the form of an agreement, proposal, statement, notice, resolution, letter, memorandum of understanding (MOU), memorandum of agreement (MOA), purchase order, license, indenture, grant, cooperative agreement, etc. In addition, such documents may go by other names as well.
- b) **Contract Originator:** The unit individual who initiates the contract process.
- c) **Contract Manager:** The individual who obtains and directs University review (Risk, Legal, Financial, etc.), approval, and signature. Formally designated to be the Associate Director of Purchasing and Contract Services.
- d) **Unit Reviewer:** Internal department personnel including Department Head, Financial Officer, and as required a Dean or Vice President. Reviewers sign a Document Review Form to “**approve**” that the contract may move forward for University review - Risk, Legal, Financial, etc. By signing the Document Review Form, a Reviewer is indicating they have reviewed, accepted, and approved all terms and conditions. Note: *Department Heads “own” contracts and are committing to pay for the goods and services; carry out terms and conditions; fulfill contract duties for non-procurement and procurement contracts.*
- e) **University Reviewer:** University agent who has oversight for Risk, Legal, Financial, or other duties. Reviewers provide University review of contract terms and conditions and ensure all critical components related to the institution are included in the document and acceptable. Reviewers sign a Document Review Form to “**approve**” that the contract may move forward for University Signature. Signing Document Review Form indicates the University Reviewer reviewed, accepted, and approved all terms and conditions of the contract.

- f) **University Signature:** The signature of the University Agent who has direct authority via Policy, Statute, or written Delegation of Authority to bind the University to terms and conditions within a Contract.

3) STANDARD CONTRACT WORKFLOW

a) **Departments and Colleges**

- (1) Origination point for contracts.
- (2) Departments review proposed contracts within their specific department
 - (a) Departments agree to perform terms and conditions of the contract
 - (b) Departments approve expenditures of money, or agreement to provide goods or services
 - (c) Departments ensure that terms meet specifications of RFP, Bid, Quote, or other requirements
- (3) Departmental Reviewers may include the originator, department head, financial officer, and dean/vice president (as required) and other stakeholders as determined by originator. The review process may involve:
 - (a) email communication,
 - (b) Microsoft Word Review functionality, or
 - (c) Document Review Form process.
- (4) Departmental Contract Originators make the changes in the agreement based upon department/college reviews.
- (5) Departmental Contract Originators discuss changes in the contract with 2nd party and obtain approval to proceed with new contract language.
 - (a) All changes are “accepted” and an updated/clean contract is created.
- (6) Departmental Contract Originators complete a Document Review Form to accompany contract
 - (a) adds title and description of contract
 - (b) Contract Originator signs and dates
 - (c) lists department and college contract Reviewers on the form
 - (d) obtain signatures of contract Reviewers (i.e. financial officer, department head, dean/vice president)
- (7) Department Contract Originators send the updated/clean contract and signed Document Review Form to Purchasing and Contract Services.

b) **Purchasing and Contract Services**

- (1) The Contract Manager reviews the contract and
 - (a) confirms appropriate unit approval,
 - (b) reviews contract language, terms, and conditions,
 - (c) routes contract through appropriate channel (legal, risk, finance, police, etc.) using the Document Review Form
 - (d) ensures all contract concerns are resolved. This may include returning the document back to the Department with instructions to review proposed changes with the 2nd party
 - (e) once a contract is returned from the 2nd party, a side-by-side comparison must be performed to ensure all changes are recognized and known
 - (f) if necessary, re-routes the Document Review Form

- (g) repeat this process until a complete agreement is reached between the 2nd party, department, and Contract Manager
- (h) ensures that a clean copy is signed by the appropriate University Agent

c) Associate VP for Business and Finance (as needed)

- (1) Reviews, finalizes, and approves copy of the contract
- (2) Verifies all contract concerns are resolved
 - (a) if during the review the Associate VP has questions, he returns the contract to the Contract Manager indicating the concerns on the form
 - (b) the Contract Manager follows the same process until issues are resolved
- (3) Ensures Document Review Form has all signatures
- (4) Forwards Contract to VP for Business and Finance for signature
- (5) Returns signed contract to Purchasing and Contract Services

d) Purchasing and Contract Services

- (1) Copies contract, and
- (2) May return original to Contract Originator for 2nd party signature

e) Contract Originator

- (1) Obtains signature from 2nd party
- (2) Returns fully executed contract to Purchasing and Contract Services

f) Purchasing and Contract Services

- (1) Stores copy of executed contract

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