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## Contract Administration Procedure

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<b>Policy Sponsor:</b>	Vice President, Finance and Administration
<b>Name of Parent Policy:</b>	<a href="#">Contract Administration Policy</a>
<b>Policy Contact:</b>	Director, Supply Chain Management
<b>Procedure Contact:</b>	Director, Supply Chain Management
<b>Effective Date of Procedures:</b>	January 22, 2015
<b>Review Date:</b>	To be reviewed biennially

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### Purpose

To outline the responsibilities and processes related to entering into and administering Contracts at Athabasca University (the University).

These procedures do not apply to employment contracts, labour agreements, research funding agreements or donor agreements.

### Definitions

<b>Account Holder</b>	The individual Employee who is responsible for expenditures against a specific budget or account.
<b>Contract</b>	A written agreement, purchase order, subcontract, letter of intent, memorandum of understanding, memorandum of agreement, lease, license, deed, grant, certificate, instrument, assignment, obligation or other document, which creates an obligation on the part of Athabasca University or which may be binding upon Athabasca University.



<b>Contract Manager</b>	An Employee who has been delegated contract management authority.
<b>Contract Management Authority</b>	The authority delegated to an Employee to manage certain contracts on behalf of Athabasca University.
<b>Contract Signing Authority</b>	The authority delegated to an Employee to enter into and sign certain contracts on behalf of Athabasca University.
<b>Contract Signing Officer</b>	An Employee who has been delegated the authority to sign Contracts up to a certain level and assumes the associated responsibilities as outlined in the Contract Administration Policy and Procedure.
<b>Employee</b>	An individual under a contract of services to Athabasca University, as defined by the Canada Revenue Agency and the <a href="#">Income Tax Act</a> . The relationship is generally reflected in an employment contract.
<b>Goods and Services</b>	Those commodities and services required to conduct the business of Athabasca University, including those related to travel and hosting activities.
<b>Independent Contractor</b>	A business entity, unincorporated business or individual providing products or services under a contract for service, as defined by the Canada Revenue Agency and the <a href="#">Income Tax Act</a> .
<b>Purchasing Unit</b>	The group of Employees to whom the Vice President, Finance and Administration has delegated authority to commit Athabasca University to acquire goods and services on behalf of Athabasca University. This group includes but is not necessarily limited to: the Purchasing and Contract Services Units within Supply Management



Services or such other position that is selected jointly by the Vice President, Finance and Administration and any other executive member or Dean.

**Total Value of the Contract**

The total dollar value over the term of a Contract, including any Contract amendments. If the exact value of the Contract is unknown at the time of signing, a best estimate is to be used.

**Vendor**

A supplier or potential supplier of goods or services to Athabasca University.

**University Funds**

All sources of revenue directed to an account managed by Athabasca University. It includes grant funds awarded from both University and non-University sources, as well as funds awarded under the terms of contracts.

**Procedure**

**Contract Management Authority**

All Employees entering into or administering Contracts for Goods and Service on behalf of the University must first receive the proper Contract Management Authority, in writing, from the appropriate Account Holder and the Director, Supply Chain Management.

Prior to receiving approval from the Director, Supply Chain Management, to act as a Contract Manager, the Employee is required to successfully complete contract administration training through the Supply Management Services Department. The training will focus on the following topics:

- Clearly defining Contract deliverables
- Assessing the relationship as either one of an Employee or an Independent Contractor, as defined by Canada Revenue Agency guidelines, and establishing the tax treatment requirements
- Assessing the relationship as either one of a Canadian or Non-Canadian, as defined by Canada Revenue Agency guidelines, and establishing the tax treatment requirements
- Conflict of interest issues
- Vendor selection
- Importance of scheduling



- Other requirements as outlined in this procedure, its parent policy and related policies, and related policy and legislation.

The Contract Manager is responsible for the following activities:

- Recognizing employment relationships, as defined under Canada Revenue Agency guidelines
- Vendor relationship management
- Review and approval or rejection of all deliverables or milestones
- Review, acceptance and forwarding to appropriate signing authority of all invoices
- Initiation and recommendation of change orders, amendments and extensions
- For foreign Vendors, reviewing the services performed to ensure compliance with legislation, including tax withholding rules

## **Entering Into and Administering Contracts**

An Employee may only enter into a Contract on behalf of the University if:

- the business transaction involved adheres to the Purchasing Policy;
- the appropriate expenditure authority approval by the Account Holder has been obtained;
- the Employee has been designated Contract Management Authority, as per these procedures;
- the Contract has been duly executed on behalf of the parties identified in the Contract, or in the case of a purchase order, a purchase order has been issued by the Purchasing Unit;
- the Employee identified as the Contract Manager is absent of any conflict of interests as defined in the Conflict of Interest Policy; and
- the Contract has been reviewed by the Contract Services Unit.

An Employee may sign a Contract on behalf of the University only if:

- the employee has been designated Contract Signing Authority, as outlined in these procedures;
- the Contract is absent of any conflict of interest, as defined in the Conflict of Interest Policy; and
- the financial implications that result from the Contract have been approved in accordance with Delegation of Expenditure Approval Authority Policy.

## **Contract Review and Approval**

Prior entering into a Contract, the unit proposing to establish the Contract must perform the appropriate due diligence to ensure that it has assessed the strategic, financial, operational, compliance and reputational risks associated with the University's



involvement in the Contract. In carrying out this assessment, the Contract Manager is to consult with relevant academic and administrative units for input.

The purchase of services is usually more complex than the purchase of goods, as detailed terms and conditions are usually required for services to ensure that:

- legal and other risks to the University are minimized;
- responsibilities and obligations of each party are clearly set out;
- services are not employment in nature, as defined by the Canada Revenue Agency; and
- service deliverables are clearly identified.

For such purchases, the University issues contracts through the Contract Services Unit.

Contracts for Service are initiated by user departments completing a Banner Finance requisition and forwarding it to the Office of the Contract Services Unit for Contract preparation and signing. Typically, three categories of Contracts for Service exist:

- **General** - consulting, facilitation and other professional services
- **Subject Matter Expert (SME)** - course development and course revision contracts
- **Instructional services and support** - graduate program sessional instruction contracts

**Other contractual agreements** should follow the purchasing process under Section 3, of the Purchasing Policy and include:

- maintenance agreements;
- software and other license agreements;
- operating and capital leases;
- professional services which are not consulting in nature, such as information technology, banking, investment and trades services.

The Contract Services Unit office will review all Contracts and, if satisfactory, approve them. In carrying out this review, Contract Services is to consult with relevant academic and administrative units for input.

The Contract Services Unit will review the Contract to ensure compliance with this procedure and its parent policy, as well as the Purchasing Policy. In particular, careful attention must be given to ensure that:

- the Vendor is appropriately classified as an Independent Contractor, as per Canada Revenue Agency guidelines - RC4110 Employee or Self-employed? (<http://www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-14e.pdf>);
- the Vendor is appropriately classified as a Canadian or Non-Canadian, as per Canada Revenue Agency guidelines - T4061 NR4 - Non-Resident Tax Withholding, Remitting, and Reporting (<http://www.cra-arc.gc.ca/E/pub/tg/t4061/t4061-13e.pdf>);



- the Contract is in compliance with other relevant federal and provincial legislation and related AU policy;
- the Contract includes adequate provisions for indemnity, insurance, risk mitigation and other appropriate protections; and
- the Contract reflects proper stewardship of AU's financial and other resources.

Supply Management Services is responsible for reviewing active foreign Vendors annually to ensure legislative and regulatory compliance.

### **Contract Signing Authority**

All Contracts must be signed by a Contract Signing Officer with the appropriate Contract Signing Authority, as outlined in the Contract Signing Authority Chart.

The Contract Signing Officer for any Contract amendments will be based on the Total Value of the Contract. If the Contract does not have a dollar value, the Contract Signing Officer for the initial Contract will sign any subsequent amendments.

The Contract Signing Officer responsibilities are to ensure that:

- all terms and conditions within the particular Contract are acceptable to the University. This includes insurance, liability, termination, FOIP compliance, confidentiality, intellectual property rights and all other wording considered necessary for the particular situation;
- all legislation and policy have been adhered to during the vendor selection and contract management activities;
- all Contracts for service are reviewed by the Contract Services Unit office prior to signing;
- all documents are properly executed prior to the commencement of the contracted activity; and
- the Vendor has received a properly executed copy of the documentation and the University's copies of such documents are stored within the University's central document storage system established for the safe keeping of such documents.

With the exception of the President, the Contract Signing Officer shall not also be the Account Holder for any particular Contract.

### **Account Holder**

The Account Holder has a significant and critical role in the administration and management of Contracts. The Account Holder shall be responsible for:



- all budgetary or related monetary responsibilities, including the approval of the release of funds upon satisfactory completion of the contract or portion thereof;
- monitoring and assessing compliance with the terms and conditions of the Contract and the statement of work and the resulting deliverables;
- designating a Contract Manager for the Contract; and
- immediate communication of any breaches of the contract terms or conditions to the Contract Signing Authority.

### Contract Signing Authority Chart

Contracts that are not specified in the Contract Signing Authority Chart must be referred to the Director, Supply Chain Management, to determine the appropriate Signing Officer.

<b>A. Acquiring Services including Subject Matter Expert Contracts (Payable Contracts) (Type 'A')</b>			
	Contract type	Total Value	Contract Signing Officer*
1.	Type 'A'	\$10,000 or less	Coordinator of Contract Services/Purchasing Coordinator
2.	Type 'A'	\$100,000 or less	Director, Supply Chain Management
3.	Type 'A' for a Faculty	\$100,000 or less	The Dean of the respective Faculty, provided they are not also providing budgetary approval.
4.	Type 'A'	\$500,000 or less	Vice President, Finance and Administration or the Executive Member responsible for the contracted activity, provided they are not also providing budgetary approval.
5.	Type 'A'	No limit	President
*All of these Contracts must have prior approval from the appropriate Account Holder.			



<b>B. Providing Services (Receivable Contracts) (Type 'B')</b>			
	Contract type	Total Value	Contract Signing Officer*
1.	Type 'B'	\$10,000 or less	Coordinator of Contract Services/Purchasing Coordinator
2.	Type 'B'	\$100,000 or less	Director, Supply Chain Management
3.	Type 'B' for a Faculty	\$100,000 or less	Dean of the Faculty providing the services
4.	Type 'B'	\$500,000 or less	Vice President, Finance and Administration or the Executive Member responsible for the unit providing the services
5.	Type 'B'	No limit	President

\*All of these Contracts must have prior approval from the Executive officer or Dean of the department or faculty that is conducting the work.

<b>C. Contract Funded by Research Grant(s) (Type 'C')</b>			
	Contract type	Total Value	Contract Signing Officer*
1.	Type 'C'	\$10,000 or less	Coordinator of Contract Services/Purchasing Coordinator
2.	Type 'C'	\$100,000 or less	Director, Supply Chain Management, or the Associate Vice President, Research
3.	Type 'C'	\$500,000 or less	Vice President, Finance and Administration, or



			the Vice President, Academic.
4.	Type 'C'	No limit	President

\*All of these Contracts must have prior approval from the Associate Vice President, Research, or the Manager, Research Services.

**D. Academic Contracts (Type 'D')**

	Contract type	Total Value	Contract Signing Officer*
1.	Collaboration Agreement or Memorandum of Agreement	n/a	President
2.	Memorandum of Understanding	n/a	President
3.	Joint agreement on Research and Scholarship	n/a	President
4.	Practicum Agreements	n/a	Coordinator of Contract Services/Purchasing Coordinator or Director, Supply Management Services, or Dean of the associated Faculty
5.	Release and Indemnity Agreements	n/a	Coordinator of Contract Services/Purchasing Coordinator or Director, Supply Management Services, or Dean of the associated Faculty

\*All of these Contracts must have prior approval from the Executive Officer or Dean responsible for the department or centre providing the service or collaboration activities.

**E. Athabasca University Press Contracts (Type 'E')**

	Contract type	Total Value	Contract Signing Officer
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1.	Author Agreements	n/a	Director, Supply Chain Management
2.	Publishing Agreements	n/a	Director, Supply Chain Management

\*All of these Contracts must have prior approval from the Director of the University Press or designate.

<b>F. Purchase Orders (Type 'F')</b>			
	Contract type	Total Value	Contract Signing Officer
1.a	Purchase Orders with established terms and conditions for all of the University	unlimited	Buyer within the Purchasing and Contract Services Unit, within Supply Management Services
1.b	Purchase Orders with established terms and conditions for a specific faculty or vice-president portfolio	unlimited	The position assigned to the Purchasing unit from the respective faculty or vice-president portfolio
2.	Purchase Orders with non-established terms and conditions	\$10,000 or less	Coordinator of Contract Services/Purchasing Coordinator
3.	Purchase Orders with non-established terms and conditions	\$100,000 or less	Director, Supply Chain Management
4.	Purchase Orders with non-established terms and conditions for a specific faculty	\$100,000 or less	Dean of the particular faculty.
5.	Purchase Orders with non-established terms and conditions	\$500,000 or less	Vice President, Finance and Administration, or the Executive Member responsible for the portfolio requiring the goods and services



6.	Purchase Orders with non-established terms and conditions	No limit	President
<p>*All purchase orders must have prior approval from the appropriate Account Holder prior to the purchase order being issued.</p> <p>Purchase orders with established terms and conditions means all purchase orders that follow a prescribed template.</p> <p>Purchase orders with non-established terms and conditions means all purchase orders which deviate in wording from the standard prescribed template.</p>			

## Applicable Legislation and Regulations

[Post-Secondary Learning Act](#)

[Alberta Freedom of Information and Protection of Privacy Act](#)

[Employment Insurance Act](#)

[Income Tax Act](#)

## Related References, Policies, Procedures and Forms

[Canada Revenue Agency guidelines - RC4110 Employee or Self-employed?](#)

[Canada Revenue Agency guidelines - T4061 NR4 - Non-Resident Tax Withholding, Remitting, and Reporting](#)

[Code of Conduct for Members of the University Community](#)

[Contract Administration Policy](#)

[Delegation of Expenditure Approval Authority Policy](#)

[Fraud and Financial Irregularity Policy](#)

[Protected Disclosure \(Whistleblower\) Policy](#)

[Purchasing Policy](#)

[Research Funding Administration Policy](#)

## History

The Board of Governors, January 22, 2015 (Approved)