



CONTRACT MANAGEMENT

This procedure is governed by its parent policy. Questions regarding this procedure are to be directed to the identified Procedure Owner.

Category:	B. Financial / Administrative
Parent Policy:	B30
Approval Date:	April 15, 2021
Effective Date:	June 22, 2021
Procedure Owner:	Chief Financial Officer

Overview:	To provide a clear and standardized approach to manage a contract agreement including initiating, evaluating and negotiating, signing, implementing and closing contracts for goods, services, construction services and funding agreements on behalf of Olds College.
Procedures:	<p>The need for contract management stems from Olds College Enterprise Risk Management Framework. Contract Agreements commit college resources to acquisition of inputs for core, strategic and ancillary college operations therefore, the main objective of contract management is to ensure contractual commitments and obligations are met in a prudent, best value for money manner and that associated risks are managed to within acceptable limits. Additionally, procedural requirements enable a central point of insight into the type of contracts that the college is committed to, their value and the associated risks, and support our ability to report to the Board of Governors of Olds College and the Audit Committee of the Board of Governors of Olds College.</p> <p>This procedure pertains to:</p> <ul style="list-style-type: none"> • all contractual agreements made on behalf of Olds College’s behalf regardless of whether there is a financial consideration as a part of the agreement or not, with the exception of Purchases made under the B300 Supply of Goods and Services Policy without a contract document using a procurement card, direct purchase arrangement, and purchase orders. The policy similarly applies to contract amendments, renewals or extensions; • to funding agreements including grants, donations, endowments, sponsorships, scholarships and bursaries where Olds College receives a benefit for the performance of an obligation; and • to contracts for services provided by an individual and paid by Accounts Payable. (This procedure does not pertain to employment contracts.) <p>Through the execution of tasks within this procedure, Olds College ensures that:</p> <ul style="list-style-type: none"> • Olds College Contracts are managed throughout the full contract lifecycle; initiate, evaluate and negotiate, sign, implement, and close with a focus on

meeting organizational objectives and managing Olds College.

- Contract Agreements for goods, services, construction services, and funding agreements are entered into and managed in a fair, transparent, and ethical manner using accepted best practices.
- Contracts will be developed, negotiated and managed in accordance with applicable Olds College policies and procedures, procurement laws, and trade agreements.
- Contracts entered into and administered, will be conducted in a fair, transparent, and ethical manner using accepted best practices.

The following tasks are necessary to manage the contract agreement from initiation through close.

1. Initiating the Contract Agreement

- 1.1. The need for goods, services or construction services is recognized by the Requesting Department, budget coverage verified by the Budget/Contract Owner, and contract type is determined. Properly determining the contract type defines the detailed actions required to evaluate and sign the contract on behalf of Olds College. For a cost contract, where services are provided by an individual, use established criteria in the [Determination of Worker Status Form](#) to determine if an employer:employee relationship exists or if it is a contract agreement.
- 1.2. Each Contract will have a designated Budget/Contract Owner and at least one designated Contract Manager. The Budget/Contract Owner assigns the Contract Manager. The Budget/Contract Owner and Manager can be the same person. A Contract Manager may manage a contract above his/her limit, however the Contract Manager cannot approve expenditure on items above his/her signing authority unless a Budget/Contract Owner is serving both roles for a contract.
- 1.3. For cost contracts, a competitive contracting process may be required and must be factored into planning timelines. Contact the Purchasing department for assistance.
- 1.4. Requirements for the competitive contracting process are defined in [B300 – 5PR Competitive Purchasing Procedure](#).
 - 1.4.1. Exceptions to the competitive process are allowed under specific circumstances and MUST be approved by the Risk Manager of Olds College prior to Signing the Contract. Refer to [B300 6PR Competitive Purchasing Procedure Exception Request](#).
 - 1.4.2. Exceptions to the competitive process are reported to the Board of Governors of Olds College.
- 1.5. The Contract Manager must schedule, engage and coordinate with other internal Olds College entities or other contracted service providers needed to support the contract work. (i.e. - is installation needed, will it need to be maintained).

2. Evaluating and Negotiating the Contract Agreement

- 2.1. Budget/Contract Owners, Contract Managers and any other Olds College personnel involved in decision-making related to the Contract Agreement will declare and recuse themselves to avoid

perceived or actual conflict of interest. Refer to [A25 Code of Conduct Policy](#).

- 2.2. Budget/Contract Owners will evaluate the risk of each contract. The risk review includes, among other things, review of potential financial, legal and compliance, operational and strategic, funding acceptance and reputational risks.
- 2.3. The Budget/Contract Owner manages the contract risk review and analysis through the Contract Checklist in the workflow system. The checklist contains four potential branches depending on the risk level. In all four branches, the objective of the Checklist process is to facilitate contract review, risk assessment, contract signing and the central filing of contracts for organizational reference (e.g. financial statement preparation).
 - 2.3.1. The 'Fast Track' Contract review process is implemented **ONLY** for contracts where the funder/contractor requires a curtailed timeline to review and sign the contract (typically less than 48 hours).
 - 2.3.1.1. This process is intended to be used in unique circumstances and is not considered the normal process.
 - 2.3.1.2. The Contract Manager calls a 'Fast Track' Contract Review meeting including the Contract/Budget Owner, Risk Assessor and the Contract Signing Authority (also known as the Contract Signer as defined in [B100 Signing Authority for Contracts and Obligations Procedure](#)). The contract and risks are reviewed and recommendations to mitigate risks are made and documented in the meeting. The Contract Manager prepares 'Fast Track' Contract Review Meeting Notes which are attached to the Contract Checklist along with the signed Contract Agreement.
 - 2.3.2. The 'Basic' Contract review process is implemented for low risk, routine contracts that involve known parties and standard terms.
 - 2.3.3. The 'Short Form' Contract process is used for
 - 2.3.3.1. Funding Agreements that contain no unusual risks, contract term length, or exit terms; and have appropriate indemnity clause and insurance, or;
 - 2.3.3.2. Cost contracts that are less than \$50,000 CAD including associated costs and contain no unusual risks, contract term length, or exit terms; and have appropriate indemnity clause and insurance.
 - 2.3.3.3. The 'Short Form' process includes a risk review conducted by the Risk Assessor prior to the contract signing.

- 2.3.4. The Contract with the 'enhance risk review' process includes a risk review by both the Contract Manager and the Risk Assessor prior to the contract signing.
 - 2.4. The Contract Manager ensures that contracts are entered with financially viable providers who are capable of delivering funds, goods and services, meeting the contractual obligations and are of good and ethical reputation.
 - 2.5. All Contract Agreements will be in writing.
 - 2.6. Contract Managers will use the Olds College standard form of contract where possible and will seek legal support when or if required. Contracts are subject to legal review based on associated risks, complexity, dollar value, contract terms and exit provisions.
 - 2.6.1. If the contractor's form of contract is used, the Budget/Contract Owner must ensure the contract agreement document includes appropriate provisions for termination of the contract (by either party), proper insurance by contractor, suitable indemnity, risk mitigations and any other appropriate protections for Olds College. In some instances, a legal review may still be required. Consultation with Olds College Risk Assessor is encouraged.
 - 2.7. Olds College staff may not structure a Contract for the purpose of undermining the intent of this policy. For example, an employee may not split one contract into multiple smaller contracts in order to circumvent financial thresholds.
 - 2.8. The Contract Signing Authority will review the final content of all Contracts prior to signing of the Contract on behalf of the Olds College.
 - 3. Signing the Contract Agreement**
 - 3.1. Contracts will be approved, signed and executed by the Signing Authority at levels in accordance with [B100 Signing Authority for Contractual Obligations](#).
 - 3.2. The final signed copy of the Contract Agreement is attached to the 'Contract Checklist'.
 - 3.3. The approved and signed contract document will be secured in the contract repository and management system with appropriate notifications implemented to manage the contract through implementation and close.
 - 3.4. For cost contracts, a purchase requisition is initiated by the Contract Manager, or the designate, for approval by the Contract/Budget Owner following [B300 3PR Purchase Order System](#) after the contract has been signed.
 - 4. Implementing the Contract Agreement:**
 - 4.1. Implementation of Funding Agreements are defined in the [Externally Restricted Contributions Policy](#) and the [Deferred Revenue Procedure](#).
 - 4.2. Implementation of Cost Contracts:
 - 4.2.1. The Contract Manager will manage all aspects of the

contract implementation including, but not limited to, inspecting goods and services, acknowledging receipt of goods and services, coordinating with other internal Olds College entities or other contracted service providers needed to support the contract work, and managing the work product, and managing the relationship with the Contractor.

- 4.2.2. Payments to Contractors are made in accordance with [B300 3PR Purchase Order System Procedure](#).
- 4.2.3. Payments to Contractors shall not take place prior to a Contract being approved and signed by both parties except in exceptional circumstances and when authorized by the appropriate Executive member.
- 4.2.4. The Contract Manager will ensure all required contractual reporting is completed.

5. Close Contract:

- 5.1. Closing of Funding Agreements with externally restricted contributions are defined in the [Externally Restricted Contributions Policy](#) and the [Deferred Revenue Procedure](#).
- 5.2. All Olds College Cost Contracts are closed after:
 - 5.2.1. Verification of all contractual obligations by Olds College and the Contractor have been met;
 - 5.2.2. Final payment is made to the Contractor; and
 - 5.2.3. Lessons Learned during the contract management lifecycle are collected for non-routine projects and/or projects where lessons arise that should be collected for organizational learning.

Definitions:

Contract/Agreement: Any document, or other evidence, of an intention to establish a binding legal relationship between Olds College and one or more second parties.

Funding Agreement: An agreement where Olds College receives a benefit including but not limited to a grant, a reimbursable grant, a funding contract and an endowment, donation, scholarship, bursary, or sponsorship agreement signed by all designated parties.

Cost Contract: A contract agreement for goods, services, and construction services which can result in a cost to Olds College.

The Board of Governors of Olds College: The legal name of the Board of Governors of Olds College.

Employment Contract: A contract that a person undertakes for a limited or unlimited term to do work for remuneration according to instructions and under direction of the employer and paid through the payroll system.

Contract Management: The set of activities required to properly manage contractual commitments to and from other parties and includes the management of pre-Contract diligence, negotiation, and implementation activities.

Contractor: An external provider of the contracted goods and services
Budget/Contract Owner - the individual(s) accountable for contract delivery and

who's budget will pay for the contract costs or receive the funds associated with the contract.

Contract Signing Authority: Also known as the Contract Signer, the individual(s) with direct or delegated authority to approve a Contract in accordance with the Olds College Signing Authority Matrix in [B100 Signing Authority for Contractual Obligations](#).

Contract Owner: The individual who is accountable for meeting the obligations under the contract and is the owner of the budget where contract costs or funds are contained.

Contract Manager: The individual assigned by the Contract Owner from the department that initiates a Contract, verifies receipt of a good, service, or other benefit, pursuant to the Contract, and/or is responsible for meeting obligations under the Contract.

Contract Life Cycle: The period of time commencing upon initiation of a Contract and ending the day after all Olds College obligations have been fulfilled or the receipt of a good, service or other benefit by Olds College has taken place.

Risk Review: Identifying and analyzing potential events that could negatively impact individuals, assets, and/or the environment; and making judgments about the tolerance of Olds College to that risk. Specifically Olds College risk review considers financial, legal and compliance, operational and strategic, grant acceptance and reputational risks.

Legal Review: A review of a draft Contract by the Olds College general counsel or delegate to ensure that Olds College is made aware of the risks and obligations associated with a Contract prior to signing, the terms of the Contract will not subject the Olds College to an unacceptable level of liability or risk and the Contract does not contain unacceptable legal commitments.

Initiate Contract: First step in the Contract Management lifecycle. The focus is on determining what kind of contract is being considered as this impacts steps in the negotiate and evaluate stage and what other Olds College departments or external entities are needed to support the contract work. (i.e. - is installation needed, will it need to be maintained).

Negotiate and Evaluate Contract : Second step in the Contract Management Lifecycle. Focus is on risk identification and mitigation.

Sign Contract: Third step in the Contract Management Lifecycle. Focus is on following proper signatory procedures and filing in the system.

Implement Contract: Fourth step in the Contract Management lifecycle and involves both the actual physical settlement of the contract as well as system requirements to ensure proper care is made in paying invoices. monitor and manage the contract obligations, make/receive payments, complete reporting requirements.

Close Contract: Final step in the contract management lifecycle and involves final verification that all parties have met their obligations and any reporting requirements have been completed.

Related Information:

A25 Code of Conduct Policy
 A35 Enterprise Risk Management Policy
 A47 Electronic Approval Procedure
 B100 Signing Authority for Contractual Obligations Policy
 B300 Supply of Goods and Services Policy
 B300 3PR Purchase Order System Procedure
 B300 5PR Competitive Purchasing Procedure
 B300 6PR Competitive Purchasing Procedure Exception Request
 B300 8PR Contracting for Services with Individuals and Unincorporated Businesses Procedure
 B300 9PR Contracting for Services with a Limited or Incorporated Company Procedure
 B32 Externally Restricted Contributions Policy
 B32 Deferred Revenue Procedure
 B31 Tangible Capital Assets Policy
[Determination of Worker Status Checklist Form](#)
 Contract Checklist
 Contract Management RACI

Review Period:

3 years

Revision History:

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