

# WELLESLEY COLLEGE

## POLICY ON PURCHASING-RELATED CONTRACT REVIEW, APPROVAL & SIGNATURE

### 1. GENERAL

This policy defines how purchasing related college contracts are originated, reviewed, approved and signed. In addition, the policy specifies who has authority to sign contracts on behalf of Wellesley College.

### 2. COLLEGE CONTRACT DEFINED

For the purposes of this policy, a "contract" is defined as an agreement between two (2) or more parties, which is intended to have legal effect and documents the pricing, scope or work and other related terms & conditions of the relationship. All contracts document a common understanding among the parties as to the essential terms of their agreement, contain mutual obligations, and set forth "legal consideration," meaning that something of value is exchanged between the parties.

A "college purchasing contract" is a contract between Wellesley College and a third party vendor or supplier. Examples of college contracts include, but are not limited to: agreements for the purchase, lease, or rental of goods or services; agreements for the sale, lease, or donation of college goods or services; contracts with hotels, convention centers, or other facilities which require a written agreement; and/or construction and architectural design contracts. While some contracts may be oral; others must be written to be enforceable. An agreement may constitute a binding contract even though one party provides something of value to the other party at no charge.

While acting in the scope of your employment, if you are entering into an agreement or contract which involves or requires any commitment by Wellesley College, it is best to assume that you are negotiating a "college contract" and proceed according to the following chart:

<b>Contract Duration</b>	<b>Total Contract Value (\$\$)</b>	<b>Purchasing Review</b>	<b>Legal Counsel Review</b>	<b>Signed by</b>
Up to 5 Years	Under \$100,000	Not Required	Not Required	Primary Budget Holder
Fixed Period – More than 1 Year	Over \$100,000 but Under \$1,000,000	Required	Not Required	Director of Procurement
On Going / Perpetual / Evergreen	Over \$1,000,000 (May be lower – depending on contract language)	Required	May be Required	CFO

## **Contract Review Table Definitions**

**Contract Duration:** Period for which the agreement between the College and the vendor is in force. The term of duration can sometimes be general as in “One Year” or marked out very clearly from date of signing to specifically named date in future. Optional extension periods are not included in determining Contract Duration.

**Total Contract Value:** The total spend covered by the contract for the entire period that it is in force. Example – the Total Contract Value for a five year contract for supplies in which we spend \$50,000 per year would be \$250,000.

**Perpetual Contract:** A contract that has no expiration date.

**Evergreen Contract:** A contract that has an expiration date or defined term, but automatically renews for additional full terms if strict separation procedures are not followed.

**PLEASE NOTE: All leases and leasing agreements must be submitted to the Purchasing Department for review and signature regardless of contract duration or total contract value.**

It is the contracting department’s responsibility to ensure that executed copies of all leases and leasing agreements are forwarded to Purchasing for record-keeping and audit trail purposes.

### **3. DEPARTMENTAL REVIEW**

Persons wishing to enter into negotiations for contracts such as those described above that have a total value of **less than \$100,000** are free to execute such agreements on behalf of Wellesley College providing that the term of the agreement not exceed five (5) years and the following conditions are met:

The department or employee entering into the contract **must** have the cooperation and approval of every division or department which may be directly or indirectly implicated in performance of the contract (for example, in dealing with financial considerations, telecommunications considerations, and space considerations related to the contract).

The employee initiating the contract for the college is responsible for reading the contract entirely and determining that:

- the contract language is clear and consistent, and accurately reflects the current state of negotiations;
- the contract meets programmatic requirements and the mission of the college;
- (s)he can ensure compliance with the obligations the agreement places on the college;
- (s)he has consulted with all divisions or departments affected by the contract;

The employee initiating the contract for the college is responsible for keeping a copy of the executed contract on file in the department for up to seven (7) years after the date of execution and must be able to provide a copy to the Purchasing Department, Controller’s Office or outside Auditor upon request.

#### **4. ADMINISTRATIVE / COMMERCIAL REVIEW BY PURCHASING DEPARTMENT**

Persons wishing to enter into negotiations for contracts such as those described above that have a total value **greater than \$100,000, but less than \$1,000,000** must submit the contract to the Purchasing Department for review prior submitting a stamped copy to senior staff for signature.

The employee initiating the contract for the college is still responsible for reading the contract entirely prior to submission to the Purchasing Department and determining that:

- the contract language is clear and consistent, and accurately reflects the current state of negotiations;
- the contract meets programmatic requirements and the mission of the college;
- (s)he can ensure compliance with the obligations the agreement places on the college;
- (s)he has consulted with all divisions or departments affected by the contract;

The Purchasing Department will review all terms and conditions of the contract to ensure that Wellesley College reserves all legal rights and protections. The contract language may need to be changed to ensure that the College receives the fairest and most equitable terms possible. The final draft of the agreement / contract must be stamped "Reviewed by Purchasing" and signed by the Director of Purchasing. Departments should allow at least seven (7) to ten (10) business days for this Purchasing review.

**PLEASE NOTE: All leases and leasing agreements must be submitted to the Purchasing Department for review and signature regardless of contract duration or total contract value.**

The employee initiating the contract for the college is responsible for providing a copy of the executed contract (signed by both parties) to the Purchasing Department for their files. A copy of the executed contract should also be kept on file in the contracting department for up to seven (7) years after the date of execution and must be able to provide a copy to the Purchasing Department, Controller's Office or outside Auditor upon request.

#### **5. LEGAL COUNSEL REVIEW**

Persons wishing to enter into negotiations for contracts such as those described above that have a total value **greater than \$1,000,000** must submit the contract to the Purchasing Department and review by outside legal counsel may be required prior submitting a stamped copy to Chief Financial Officer (CFO) for signature.

The outside legal counsel will review each contract to ensure that it is consistent with federal and/or state laws; it is consistent with college rules and regulations; it is consistent with any predecessor documents; it is in the interests of the college; and risk management concerns have been reasonably addressed. The outside legal counsel shall determine if any other institutional reviews are necessary prior to submission of the contract for signature, and will coordinate obtaining the appropriate reviews.

The outside legal counsel will endorse approval of a college contract for form and legal sufficiency in writing on the contract or by separate letter. The contract itself will be stamped and signed by the Purchasing Department prior to submitting to the CFO for signature.

## **6. AUTHORIZING SIGNATURES**

The Controller's Office maintains the Authorized Budget Signers List and only employees whose names appear on this list may sign and transact on behalf of Wellesley College when in compliance with the College's Policy for Purchasing Contract Review Approval and Signature.

Small purchases (up to \$10,000) for which there is no formal purchase order or written contract or agreement, office supply orders, and books and subscription purchases may be made by departments without bid documentation. Purchases over \$10,000 are generally subject to the provisions of this policy as well as the purchasing and bidding policies and procedures of the Wellesley College Purchasing Department, available on-line at

<http://www.wellesley.edu/purchasing>.