Contracts, Contract Amendments and Extensions / Change Orders

Workshop Presenter

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Please…

- Turn off cell phones.

- Avoid side conversations.

- Ask questions at any time.

- Sign the attendance roster.

- Complete the evaluation at the end of the workshop.

Workshop Objectives

- Identify procedures for contract processes, signature authority, POs as contracts, processing, renewals, maximum term, and business associate agreements

- Describe the associated University Legal review and approval process

- Receive a high-level overview of iCS

Topics

- UIC Purchasing Contracts Team
- What is a Contract?
- Contract Initiation
- Contract Templates
- Vendor Contracts
- Legal Review
- Signature Authority
- PO v. Mutually Executed Contract
- Frequently Problematic Clauses (FPC's)

- Amendments
- Illinois Contract System (iCS) Overview
- Resources
- Questions?

But first…

From the band Van Halen's tour rider:
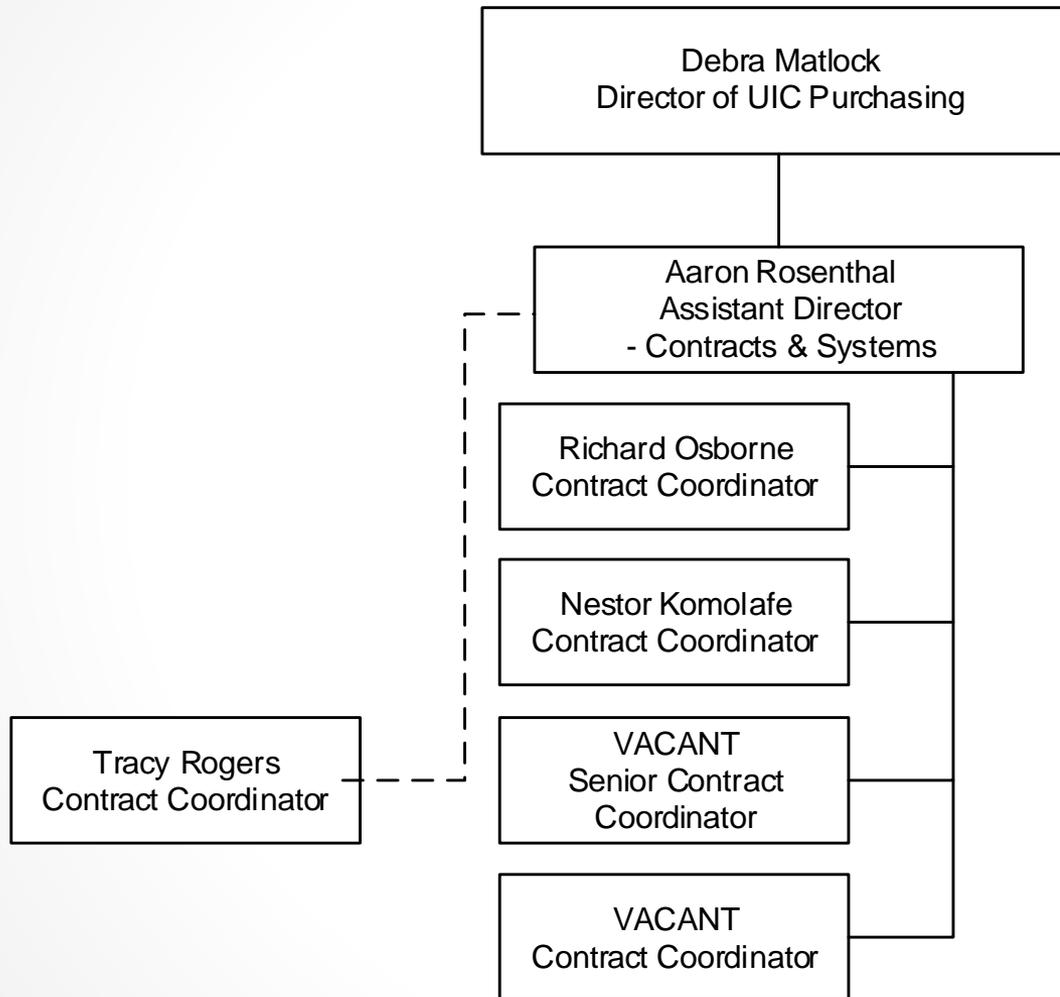
Munchies

Potato chips with assorted dips

Nuts

Pretzels

M&M's (WARNING: ABSOLUTELY NO RED ONES)

TWELVE (12) Reese's peanut butter cups

TWELVE (12) assorted Dannon yogurt (on ice)

[Source: http://www.businessinsider.com/van-halen-brown-m-ms-contract-2016-9]

UIC Purchasing Contracts Team

Debra Matlock
Director of UIC Purchasing

Aaron Rosenthal
Assistant Director
- Contracts & Systems

Richard Osborne
Contract Coordinator

Nestor Komolafe
Contract Coordinator

Tracy Rogers
Contract Coordinator

VACANT
Senior Contract
Coordinator

VACANT
Contract Coordinator

UIC Purchasing Contracts Team

- **786** Contracts Processed in FY17
  - 63% increase v. 482 in FY14

What is a Contract?

- A contract is an agreement between parties that creates mutual obligations enforceable by law.
  [Source: https://www.law.cornell.edu/wex/contract]

- But what about MOU's, Letter's of Intent, "Simple Agreements", etc.?

Contract Initiation

- Contract Approval/Routing Form (CARF)
  - https://www.obfs.uillinois.edu/forms/contracts
  - Required Preliminary Approvals
    - Unit Head
    - Dean/Director ($50,000 or More)
    - VP/Chancellor/Vice Chancellor ($150,000 or More)
- Include as Internal Attachment to iBuy Req on Route to Purchasing Form w/ copy of proposed contract
  - Both iCS and non-iCS Users eff. 9/1/17

Contract Templates

- https://www.obfs.uillinois.edu/forms/contracts
- Contract for Services Under $10K Template
    - Payment submitted in TEM when single-payment
    - If no changes, can be executed by Unit Head and on behalf of Comptroller (signs twice!)
- Contract for Procurement of Services Template
- Business Associate Agreement (BAA)

Vendor Contracts

- Purchasing works with University Counsel to review/negotiate terms protective of University
- Longer timeframes to Process
  - Only 3 Attorneys with primary responsibility for all purchasing contracts

Legal Review

- Not every contract goes to Legal!
- Contract Coordinator makes initial effort to negotiate unacceptable contract provisions away
- Only lingering issues routed to University Counsel

*Not an actual University Counsel attorney

Legal Review (continued)

- Contracts that **Require** Legal Approval:
  - $250K+ in a fiscal year
  - Contract Types in Section 1.3.2 Including But Not Limited To:
    - Settlements of Claims or Disputes
    - Contracts for Legal Services
    - Contracts related to the sharing of student data with outside entities

  [See State Finance Act and Section 1.3.2 Initiation, Review, and Approval of University Contracts and Leases

Signature Authority

- Only the Comptroller, or his delegates, may sign contracts on behalf of the University
  [See BOT Article II, General Rules; Section 1.3.2 Initiation, Review, and Approval of University Contracts and Leases]

- Contract for Services Under $10K
  - Unit Head signs twice

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

By: _____

Avijit Ghosh, Interim Comptroller   Date

_____

Signature of Comptroller Delegate   Date

_____

Name and Title of Comptroller Delegate   Date

PO v. Mutually Executed Contract

- 2 Functions of a Purchase Order (PO)
  - Payment Mechanism
  - *Sometimes* serves as the contract
- Updated Risk Management Insurance Matrix
  [Section 6.1.1 Determine Minimum Insurance Requirements for Vendors]
  - Tier – 2 Medium Risk and Tier 3 – High Risk require a mutually executed contract
- Additional Policy Update Forthcoming

Frequently Problematic Clauses (FPC's)

- Automatic Renewals
- Governing Law/Choice of Law
- Indemnification
- Limitation of Liability
- State Certifications

Amendments

- What is an amendment?
- Extension
- Renewal
- Change Order

You cannot amend, extend, or renew an expired contract!

Illinois Contract Systems (ICS) Overview

- 2 primary functions:
  - Contract Management
  - Electronic Repository for Fully Executed Contracts for BOT/UCRO
- History of Deployment at UIC
- Challenges

Resources

- [OBFS Contract Forms](#)

- [Section 1.3.2 Initiation, Review, and Approval of University Contracts and Leases](#)

- [Section 6.1.1 Determine Minimum Insurance Requirements for Vendors](#)

Questions / Concerns?