Contracts 101: Urbana Contract Basics
Contract Services Office (CSO)
Office of Business and Financial Services
Presenter

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  - Email: hrichmnd@uillinois.edu
You may type questions in the question box at any time and we will address them at the end of the presentation.

The information in this presentation is specific to the broader elements of contract processing on the Urbana-Champaign campus.

This presentation will be available on the CSO website soon!
Course Objectives

- Define a Contract
- Explain Routing, Approval and Signature Processes
- Identify Resources and Contacts for Questions
What is a University Contract?

- An agreement between the University and one or more other parties
- Creates obligations that are legally recognizable or enforceable
What’s in a Name?

- The substance of a document, not its name, determines whether it is an enforceable contract.

  - Memorandum of Understanding/Agreement (MOU/MOA)
  - Hold Harmless Agreement
  - Release
  - Waiver
  - Non-Disclosure Agreement
Memorandum of Understanding (MOU)

- Agreement to agree
- Often *does* contain all material elements of a contract
- Common in international arrangements
- Follow same rules and processes as contracts
Memorandum of Understanding (MOU)

- Appropriate use of an MOU
  - Intra-University document describing internal arrangements (between departments / units)
  - Does not require OBFS review or approval
  - Does not require Comptroller signature
A Contract is an Agreement

- A contract should demonstrate a “meeting of the minds.” The parties must understand and agree to what’s going to happen.

- A contract must describe the material terms in sufficient detail to be enforceable.

- Don’t expect to rely on emails and later conversations to explain what should have been in the document.

- If it’s not explicitly written in the contract, it’s not likely to be enforceable.
What Should be in a Contract?

- **Identification of Parties**
  - “The Board of Trustees of the University of Illinois on behalf of (unit).”

- **Detailed Scope of Work**
  - What will each party do? What do they expect from each other?
What Should be in a Contract?

- **Contract Term**
  - Start and End dates

- **Contract Amount**
  - Fees to be paid or received
What Should be in a Contract?

- Cancellation Terms
  - Notice, Refunds, etc.

- Remedies for Breach
  - What are the consequences for non-performance?
Mutuality

- **Mutuality of Agreement**
  - Meeting of the minds

- **Mutuality of Obligation**
  - Each party is bound, or neither is bound

- Detailed or clear scope of work is critical to an enforceable contract
Terms Requiring Closer Scrutiny . . .

- Choice of Forum / Venue / Governing Law

- Arbitration
Terms Requiring Closer Scrutiny . . .

- Compliance with Local Rules
- Cancellation
- Insurance
Terms Requiring Closer Scrutiny . . .

- Indemnification
- Damages
- Rights in Data
Terms Requiring Closer Scrutiny . . .

- Student Data/FERPA
- Confidentiality
- FOIA
Contract Elements

Contract Review Essential Questions, Considerations and Common Issues

Capacity
Does the University, as a state agency, have authority to enter this type of agreement/contract consistent with its mission and with applicable laws, regulations, policies, and procedures? When in doubt, consult with the Contract Services Office or University Counsel.

Templates/Standard Forms
OBFS and Counsel have created several pre-approved ("standard") contract templates to facilitate some common business transactions. Units may use these pre-approved templates to expedite the contract process, provided the terms of the contract require no alteration to the template language or legal form. These standard templates are available at Contracts Forms and in the Illinois Contract System (ICS).

Parties
A University contract must be between the Board of Trustees of the University of Illinois on behalf of the appropriate college or department and another entity. For example:

The Board of Trustees of the University of Illinois on behalf of its College of _________, on the Urbana-Champaign campus ("University") and __________...

The other party should be identified by its legal corporate/partnership or individual name.

Subject Matter
It is important that the subject matter of the agreement, whether related to the purchase of goods or services, use of a University facility by a third party, or international academic and research cooperation, is clear and unambiguous. The expectations of each party should be plain and specific. Make sure that the five W's and H (Who, What, When, Where, Why, and How) are explicit in the text of the agreement.
Rules That Apply to All University Contracts

- A fully executed contract must be in place before goods/services are provided and before money is exchanged.
- A contract must be signed by the Comptroller or his designee.*
- Amendments are subject to the same rules as contracts.

*Some specific pre-approved templates under a certain dollar threshold have been approved by OBFS to be signed within a department.
OBFS Forms Page

- www.obfs.uillinois.edu/forms/contracts
- Contract Approval/Routing Form (CARF)
- Revenue Generating Templates
- Procurement Templates
Contract Review Process

Where a contract is routed and how it is processed depend on many different factors, including the type of contract, the value, the source of funds, who initiated it, and several other possible determinations. The information on this page is meant to help you determine the correct way to execute contracts on the Urbana-Champaign campus; however, there will always be exceptions or unique situations that may not be addressed below. You should also reference the Contract Types page for information on which offices can assist you with various contract types.

If your unit has access to the Illinois Contract System (ICS), then refer to the job aids on the ICS Resource Page for contract development and routing.

How to Complete the Contract Approval/Routing Form (CARF)

This is a handy cheat sheet that will help you fill out the CARF - How to Complete the Contract Approval/Routing Form (CARF).

If you have a question that is not addressed in this document, or require additional assistance with the CARF, please contact the Contract Services Office.

Step-by-step instructions for routing contracts on the Contract Approval/Routing Form (CARF)

NOTE: Not all contracts should be routed on the CARF. For more information, see the Contract Types page.

1. Download the CARF from the OBFS Forms page. There are different CARFs for each campus, so be sure to select the link for the Urbana campus form.
2. Complete Sections 1 through 3.
3. Print the completed CARF and obtain the necessary unit/college signatures.
   - Unit Head (required)*
   - Dean/Director (if contract value is $50,000 or more)**
   - VP/Chancellor/Vice Chancellor (if contract value is $150,000 or more)***
4. Scan the completed and signed CARF and the contract into a single PDF file and email to UrbanaCSO@illinois.edu (Preferred).
   Or, print and attach 1 copy of your contract behind the completed and signed CARF and send via campus mail to the Contract Services Office (1st Floor Coble Hall, MC-335, 801 S. Wright Street).

*Unit head approval may NOT be delegated. However, the signature of the next higher level administrator negates the need for approval(s) at a lower level. For UA units, this is the director responsible for the performance of the contract.

**Dean/director approval may be delegated. The unit must maintain documentation of such delegation. The signature of the next higher level administrator negates the need for approval(s) at a lower level. For UA units, this is the executive director or next higher level of approval.

***For UA units, this is the Assistant Vice President or next higher level of approval.
Who Signs the CARF?

- **Unit Head**
  - All contracts, regardless of dollar amount

- **Dean/Director**
  - Contracts with a total value of $50,000 or more

- **Vice President/Chancellor/Vice Chancellor**
  - Contracts with a total value of $150,000 or more
Who Signs the CARF?

- Unit Head approval may **not** be delegated.
- Dean/Director approval may be delegated.
- “Level-up” approval
OBFS Forms Page

**Contracts Forms**
(See also Business Development Services, Purchases Forms, and Grants & Sponsored Projects Forms)

**Disclosure and Conflicts of Interest Form**
- Disclosure and Conflicts of Interest Form [8/5/14]

**Contract Approval/Routing Form (CARF)**
- **Chicago**
  - Contract Approval/Routing Form (CARF) [updated: 9/29/15]
- **Springfield**
  - Contract Approval/Routing Form (CARF) [updated: 11/1/13]
- **Urbana**
  - Contract Approval/Routing Form (CARF) [updated: 7/8/15]

**Contracting for Services - Purchasing**
- **Department Template**
  - Contract for Services Under $10,000 (CFS Under $10,000) [posted: 10/5/15]
  - Amendment to Contract for Services under $10,000 [posted: 10/5/15]
- **Chicago** - The Procurement of Services contract is the preferred form for expenditure contracts when an approved department template is not available.
  - Contract for Procurement of Services [updated: 10/8/15]

**Revenue Generating Agreement Templates**
- **All Campuses**
  - Revenue Generating Services Agreement (less than $10,000, other than healthcare related services) [posted: 10/5/15]
  - Revenue Generating Services Agreement ($10,000 or more, other than healthcare related services) [posted: 10/5/15]

**Student Placement**
- **Chicago**
  - Agreement for UIC Student Placement in a Practice Setting [updated: 3/21/12]
  - Other Institution's Student(s) Placed at UIC [updated: 3/7/13]
Revenue Generating Services Agreement Under $10,000

- Complete the Revenue Generating Services Agreement (less than $10,000 other than healthcare related services).
  - Forward the contract to the client for signature.
  - After the client returns a signed copy, the unit head signs on behalf of the Comptroller.
  - Send a copy of the fully executed contract to the client.
  - Upon completion of the services, submit an invoice to the client for payment.
Who is my Unit Head?

- OBFS Policy defines a Unit Head as:
  - A department head or higher.
  - Some units do not have department heads; some small colleges do not have departments.
  - When there are only College-level offices for administration, signatures should be that of a Dean or Associate Dean as “unit head.”
RGA Under 10k Signature Block

The Board of Trustees of the University of Illinois

By: Walter K. Knorr 10/15/15
Walter K. Knorr, Comptroller

[Univ Head Name] for Walter K. Knorr 10/15/15

Client

Client Signature 10/18/15
Signature
Date

Manager

Pre-approved for legal form (LTI 08/17/15).
Changes to template require University Counsel and OBFS approval.

OFFICE OF BUSINESS AND FINANCIAL SERVICES
OBFS Forms Page

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- Complete the Revenue Generating Services Agreement ($10,000 or more other than healthcare related services).
  - Email a copy of the contract to the client for signature.
  - After the client returns a signed copy, complete the Contract Approval/Routing Form (CARF) and obtain the necessary unit signatures on the CARF.
  - Email the CARF and contract (as one PDF) to UrbanaCSO@uillinois.edu.
  - The Contract Services Office will return a fully executed version along with the completed CARF.
  - Forward a copy of the fully executed contract to the client.
  - Invoice the client for payment(s) as specified in the contract.
Contracts Forms
(See also Business Development Services, Purchases Forms, and Grants & Sponsored Projects Forms)

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Custom Templates

- Standard universal templates are broad and general.
- Units may have unique activities or services that require something more specific.
- CSO can create custom contracts or templates.
  - Contact UrbanaCSO@uillinois.edu
Internal Signature Authority

- AVP may grant authority to Unit Head and/or designated employee(s)
  - Specific to approved template with no changes
  - Limited to contracts less than $10,000
- Contact UrbanaCSO@uillinois.edu for more information
University Form vs. Vendor Form

- University contract form – **Preferred**
  - Terms and conditions are pre-approved
  - Expedited review and execution

- Other party’s contract form – **Acceptable**
  - Terms and conditions must be reviewed
  - Negotiation may be required
  - Slower processing time
Contract Routing

- The physical path that a contract takes depends on several factors:
  - Contract type
  - Amount
  - Source of funds
  - Processing office
CSO Process
(High-level, basic example)

Unit obtains client signature, signs and attaches completed CARF, sends to CSO

CSO delegate reviews and signs for Comptroller; returns fully executed copy to unit

Unit provides fully executed copy to client
When is Counsel Approval Required?

- Contracts requiring *documented approval* of legal review:
  - Contracts requiring President’s approval
  - Contracts requiring specific BOT approval
  - Settlements of claims or disputes
  - Revenue generating healthcare contracts (on the Chicago campus)
  - Contracts for legal services
  - Contracts related to the sharing of student data with outside entities
  - Employment-related contracts (such as separation agreements)
When is Counsel Approval Recommended?

- At the discretion of the Comptroller delegate, on a case-by-case basis
President and Chief Legal Counsel Approval

- Payable contracts $250,000 or more require President and Chief Legal Counsel approval
  - Don’t forget about amendments
  - Amendment(s) + original contract = $250,000+?
Who Signs a University Contract?

• Unit Head
  • Contract for Services Under $10K or RGA template under $10K w/no changes
  • Custom template under $10K w/no changes and AVP-granted signature authority

• OBFS Comptroller Delegate
  • Everything else
Signature Delegates

- For President and Comptroller
  - Delegates in various offices of expertise: CSO and AVP Office, Purchasing, OSP, OTM, etc.

- For Chief Legal Counsel
  - Delegates in Office of University Counsel
Why You Shouldn’t Sign

- No “Apparent Authority”
- University may not ratify
  - Leaves the unauthorized signer personally liable
Electronic Signatures

- Facsimile Signature
  - A reproduction of a manual signature by a mechanical or photographic process
  - Acceptable
Electronic Signatures

• Digital Signature
  A type of electronic signature that often contains an element that appears like a manual signature, but is just a generic/universal image, rather than a reproduction of an authentic signature. A digital signature involves use of an encryption system in which one key (the private key) creates the signature and another key (the public key) verifies the signature.

• Not Acceptable
When is a Contract Fully Executed?

- When it bears the signatures of all parties obligated by the contract.

The Board of Trustees University of Illinois

By: Walter K. Knorr, Comptroller

Hanna Richmond, Coordinator of University Contracts
2015.10.26 11:30:33 -05'00'

Client

John Smith 10/26/15

Signature

John Smith

Type or Print Name

Manager

Title

Pre-approved for legal form by (LTI 8/17/2015).
Changes to template require University Counsel and OBFS approval.
What Happens to a Contract After it is Fully Executed?

- All fully-executed University contract documents are stored electronically in iCS. Contract numbers are automatically assigned by the system.

- The University Contract Records Office (UCRO) serves as the official contract repository for the Board of Trustees, serving all three campuses.

- UCRO completes all filings required by the State of Illinois.

- To request a copy of a previously executed agreement, contact UCRO: ContractRecords@uillinois.edu
Contract Types

Below is a brief list of the types of contracts that may be used on the Urbana-Champaign campus. This is by no means an exhaustive list. If you do not find the type of contract you have questions about listed below, contact the Contract Services Office at 333-4636 or UrbanaCSO@illinois.edu for assistance. Please click on any of the links below to learn more about each contract type:

- Affiliation Agreements
- Catering
- Change Orders
- Chartered Transportation
- Click-through Agreements
- Concessions
- Construction/Capital Projects Contracts
- Consultant/Consulting Services
- Contracts for Services
- Data Use/Data Sharing Agreements
- Equipment Loans
- Facilities Use

Facilities Use or space rental agreements are for short-term use of space, usually for a specific event. If the University is renting its own space, the renter (Client) must sign our agreement. If the University is renting space from the other party, we must usually sign their agreement.

Where to Start:
If you are a University unit that wishes to rent your space to an external entity, or if you are renting space from a third party and there is no payment involved, contact the Contract Services Office. If you are renting space from a third party and there is a payment involved, contact Urbana Purchasing. If the facility requires a certificate of insurance, you can request one from the Office of Risk Management, only after the contract has been fully executed.

- Financial Assistance Award Agreements
- Honoraria
- Intellectual Property
CSO Contact Information

- UrbanaCSO@uillinois.edu
- www.obfs.uillinois.edu/contracts
Other Resources

- iCS Resource Page
  - https://www.obfs.uillinois.edu/ics-resources/

- OBFS Contracts Forms Page
  - https://www.obfs.uillinois.edu/forms/contracts

  - https://www.obfs.uillinois.edu/bfpp/
    - Section 1: University Contracts and Leases
    - Section 22.1: Contracts for Revenue Generating Activities
Other Resources

- Office of Sponsored Programs
  - http://www.sponsoredprograms.illinois.edu

- Office of University Counsel
  - http://www.legal.uillinois.edu

- University Office of Risk Management
  - https://www.treasury.uillinois.edu/risk_management

- Urbana Purchasing
  - https://www.obfs.uillinois.edu/purchases/
Questions??