



## Signatory 1

# 12-Steps for Contract Review and Approval



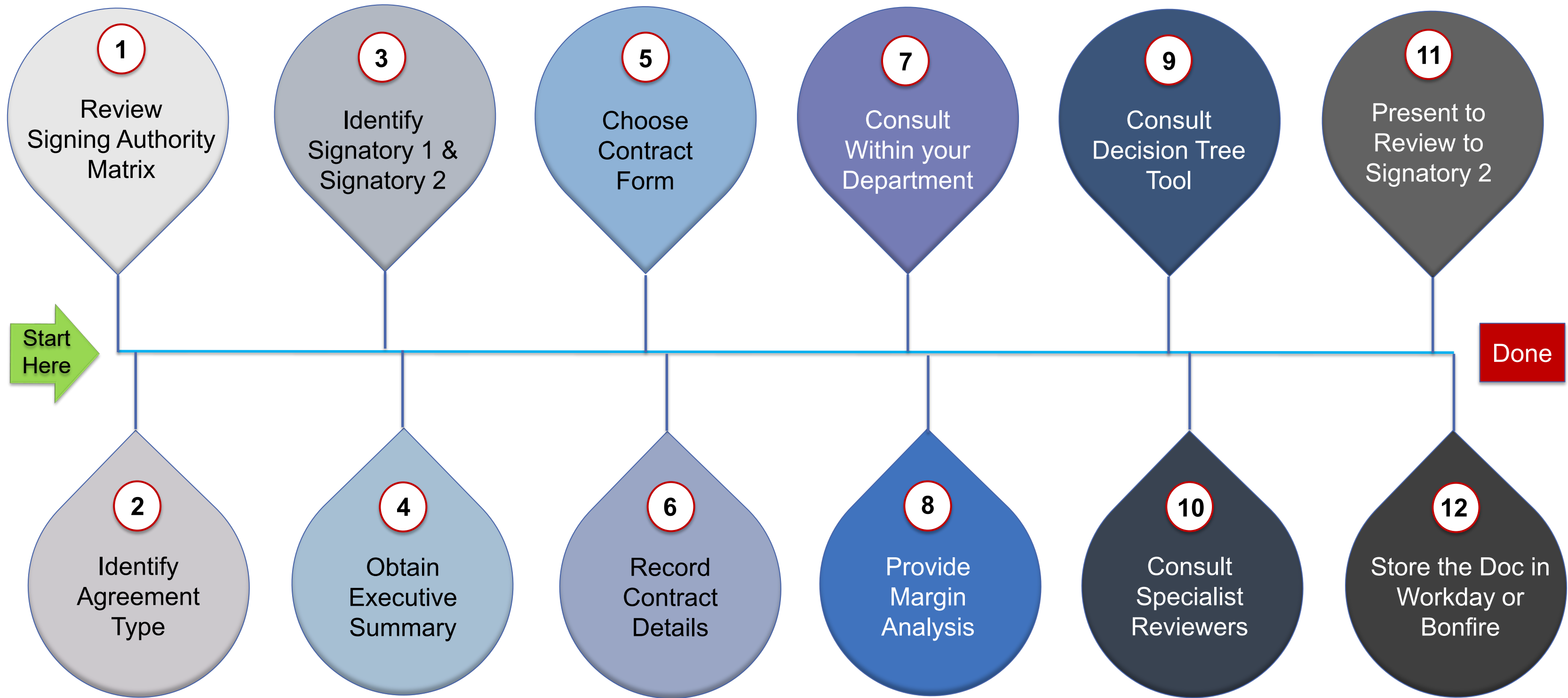
# Contract Review and Approval

- The Delegation of Contract Signing Policy identifies which College Administrators have authority to review and approve contracts
- Signatory 1's role is to review the contract and complete the Executive Summary and Signatory 2's role is to determine if they will bind the College with their signatures
- The Contract Review – Specialty Reviewer – Decision Tool can assist Signatory 1 with determining the need for and access to Specialist Review

# Contract Development

- Contract development and negotiation is a dynamic undertaking that requires dialogue and conference between Signatory 1 and Signatory 2.
- Drafting and executing a binding agreement (a contract) balances the desire to take risks in order to obtain rewards.
- Guided and advised by Signatory 2 (and with assistance from College subject matter specialists), Signatory 1 is responsible for arriving at appropriate contractual terms and conditions.

# The Contract Review and Approval Sequence



1

Review  
Signing Authority  
Matrix

Start  
Here

You start the review process with the  
Signing Authority Matrix.

Click the Policy link below to access it.

[Delegation of Contract Signing Authority  
Policy](#)

Start  
Here

2

Identify  
Agreement  
Type

In the Signing Authority Matrix, find the “Agreement Type” that aligns with your contract.

Then sort your contract based on its “Criteria”.

Note: In situations where your Agreement Type is not specifically identified or where the Contract Class is not immediately recognizable, Signing Authority will be determined by the College’s President or Treasurer.

**3**

Identify  
Signatory 1 &  
Signatory 2

5

Choose  
Contract  
Form

Now based on your contract's "Criteria", follow the row to the right to identify who in your department is authorized to serve as Signatory 1 and who will act as Signatory 2.

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Consult  
Within your  
Department

4

Obtain  
Executive  
Summary

Now it's time for you to get the most recent version of the Executive Summary – Contract Review document.

Click the link below to get it.

[Executive Summary - Contract Review](#)



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## Choose Contract Form

In the 1<sup>st</sup> section of the Executive Summary, review the six Contract Form boxes, and select the one most closely describes the form you'll be using.

Provide a note to assist others (Specialty Reviewers or Auditors) understand important aspects of the Contract.

Next, you'll identify if a College Statement of Work will be used to describe contract deliverables, timing, and associated costs. You can also check "No" and include a note that describes if a Statement of Work is detailed somewhere else in the Contractual agreement.

Lastly, you'll identify if your department has budgeted the Contract initiative in advance, and identify into what Cost Centre expenses associated with the Contract will be charged.

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## Record Contract Details

In the 2<sup>nd</sup> section of the Executive Summary, Contract Details will be recorded.

Start by stating the purpose of the engagement – this is the “Agreement Type” – and then give a brief description.

Next, one by one, you’ll capture the page number and details of the contract information identified on the far left of the Executive Summary. As you work through, add “Notes” to assist others (Specialty Reviewers or Auditors) understand important aspects of the Contract.

At the bottom of this section, identify which Specialist Reviews you’ll need – the [Decision Tree Tool](#) can help you decide and can identify who exactly you should contact for Specialist Review.

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## Consult Within your Department

Completing the review of a contract requires you to determine that the contractual terms and conditions are in the College's best interest. This will require a review of the Contract's legal, financial, technical, human resource, physical, and governance provisions.

In completing the review, Signatory 1 should solicit assistance from their departmental resources including their Finance Administrator (likely the Business Administrator), and any other departmental stakeholder with valuable knowledge or experience. In defining and documenting the Contract's objectives, the Reviewer should seek out and leverage all necessary resources.

To assist in this endeavour, the [Decision Tree Tool](#) is a "one-stop" triage tool to support Signatory 1 (the Reviewer).

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Provide  
Margin  
Analysis

In the 3<sup>rd</sup> section of the Executive Summary, the Margin Analysis will be completed (*this section is only required for revenue generating contracts*). For simple revenue generating contracts, the simple Margin Analysis provided in the Summary will suffice.

However, with revenue generating initiatives that require consideration of capital investment, overhead allocation, and human resource planning - as with funded activity initiatives - Signatory 1 will need to engage their departmental Finance Administrator (often their Business Administrator) to develop a fully costed proforma in an Excel format.

Adopting a conservative approach, the proforma should detail estimated financial results that span the life of the contract. Notes should describe key assumptions and estimates. If the revenue initiative is a renewal of a previous initiative, a summary of historical financial results should also be provided.

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## Consult Decision Tree Tool

With your Executive Summary completed (Draft form), you will take one of the following actions:

1. If you're using a College Approved Template and you have no indication of requiring a Specialist Review, you present the completed documents to Signatory 2.
2. If you have indication of requiring a Specialist Review, you consult the Contract Administrator to identify who you should contact and send your documents to.

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## Consult Specialist Reviewers

Once the [Decision Tree Tool](#) has identified the Specialist Reviewer(s) you should contact, you'll send them your documents along with a email that briefly describes your contract initiative.

You should expect the Specialist will require a conversation with you and perhaps further information before they can commence their review.

Following some back and forth with the Specialist Reviewer, they will complete their review and return your documents to you with a written assessment. You repeat this if other Specialist Reviews are needed, otherwise, you present your completed documents to Signatory 2.

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## Present to Review to Signatory 2

Your document presentation to Signatory 2 will include the Contract, the completed Executive Summary, and all supporting documentation including written Specialist Reviews, Excel proforma calculations, and all emails that would be relevant to the decision of executing the Contract.

Contract Approval is an undertaking that requires dialogue and conference between Signatory 1 and Signatory 2. Executing a binding agreement (a contract) balances the desire to take risks in order to obtain rewards.

Guided and advised by Signatory 1 and supported by the consultation from College subject matter specialists, Signatory 2 will consider the merits of Approving the Contract

Done

12

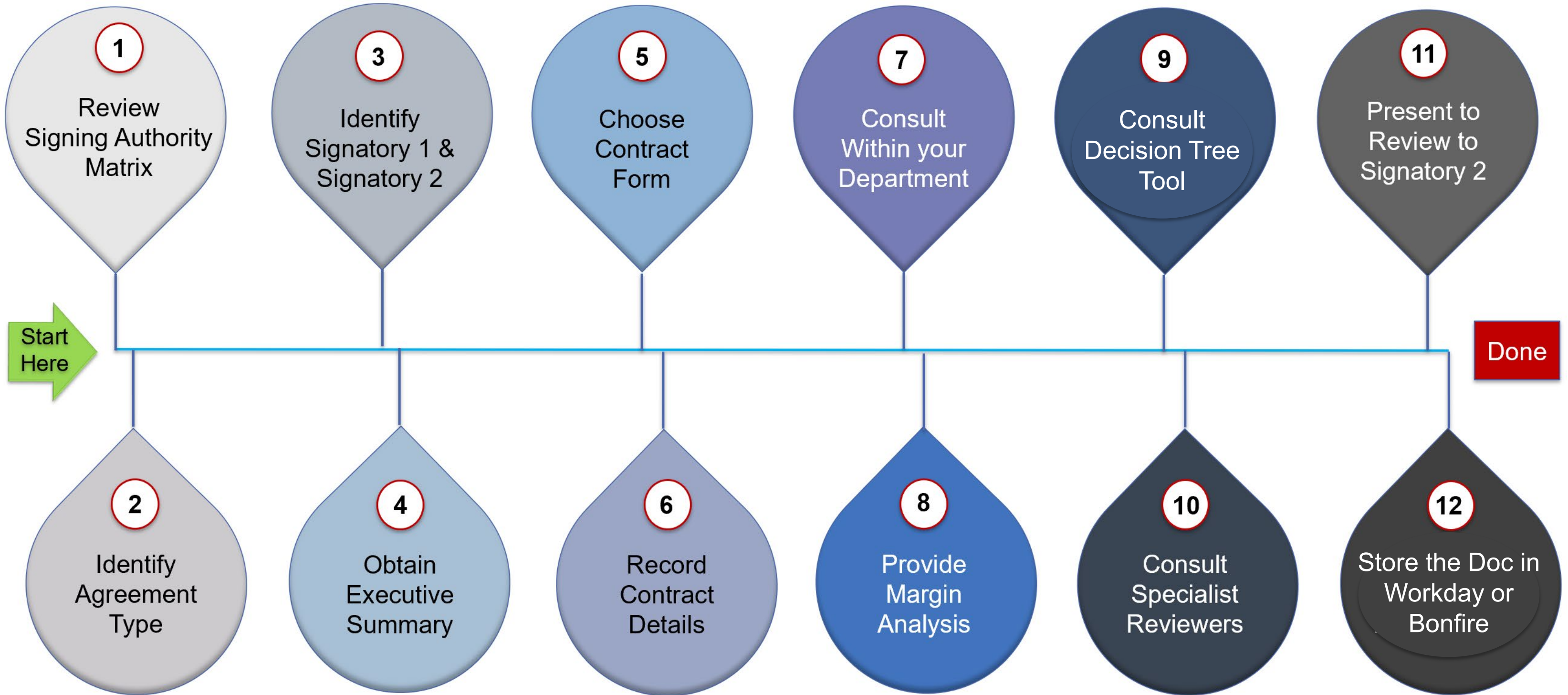
Store the Doc  
in Workday or  
Bonfire

In completing the Contract execution process, you will have addressed the concerns of the Specialist Reviewers, and finished negotiating with the external party. You will then present the contract with supporting documents to Signatory 2 for their review and signature.

Once you have obtained a binding signature from Signatory 2 (College should sign first), you then send the signed contract to the external party for their signature. Please also state the following on the bottom of the signature page “Reviewed by (name of Signatory 1) on (state the date)”.

Once completed as above, all original contracting documents need to be stored in corporate storage - either Workday or Bonfire.





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# Questions and Discussions

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Internal Control Web-address

<https://www.algonquincollege.com/finance-administration/internal-control/>

# Background Information

## Resources and references

# Signing Authority Matrix

Two signatories are required to bind the Corporation  
 Authority Matrix Identifies Minimum Position in Organization Required to Sign

Contract Class	Agreements Type	Criteria	Specific Signatory Requirements	Category 1 College Administrators	Category 2(A) College Administrators	Category 2(B) College Administrators	Category 3 College Administrators
A	<b>Procurement Agreements</b> Purchase of Goods , Services, Software, Construction Agreements and Change Orders (Must be Within Approved Budget)	Less than \$25,000				Signatory 2	Signatory 1
		Between \$25,000 and \$100,000			Signatory 2	Signatory 1	
		Between \$100,001 and \$1,000,000		Signatory 2		Signatory 1	
		Greater than \$1,000,000	President or Treasurer			Signatory 1	
B	<b>Real Property Leasing</b>	Not subject to Delegation	President or Treasurer		Signatory 1: Executive Director, Facilities Management		
	<b>Real Estate Acquisition and Disposition</b> (Board of Governors Approval Required Before Signing)	Not subject to Delegation	President or Treasurer		Signatory 1: Executive Director, Facilities Management		
C	<b>Applied Research</b> Binding Proposals, Funding Agreements, Research, Partnership and Collaboration Agreements	Less than \$25,000				Signatory 2	Signatory 1
		Between \$25,000 and \$100,000			Signatory 2	Signatory 1	
		Between \$100,001 and \$500,000		Signatory 2		Signatory 1	
		Greater than \$500,000	President or Treasurer			Signatory 1	
D	<b>Revenue Agreements</b> Binding Proposals, Funding Agreements, Teaching and Training, Corporate and Contract Training and Commercial Services	Less than \$25,000				Signatory 2	Signatory 1
		Between \$25,000 and \$100,000			Signatory 2	Signatory 1	
		Between \$100,001 and \$500,000		Signatory 2		Signatory 1	
		Greater than \$500,000	President or Treasurer			Signatory 1	
		AC - Contract Template Less than \$500,000			Signatory 2	Signatory 1	
		AC - Contract Template Greater than \$500,000	President or Treasurer			Signatory 1	
E	<b>Academic Agreements</b> Affiliation, Articulation, Inter-Institutional Collaboration, Binding Memorandum of Understanding, Binding Letter of Intent, Sale of Curriculum	Less than \$100,000				Signatory 2	Signatory 1
		Between \$100,001 and \$500,000			Signatory 2	Signatory 1	
		Greater than \$500,000	President or Treasurer			Signatory 1	
		AC - Contract Template Less than \$500,000			Signatory 2	Signatory 1	
		AC - Contract Template Greater than \$500,000	President or Treasurer			Signatory 1	
F	<b>Advancement and Development Agreements</b> Donations, Bequests, Strategic Partnerships and Naming Agreements	Less than \$100,000		Signatory 2: Vice President, Advancement and Strategy		Signatory 1	
		\$100,000 and greater	President	Signatory 1: Vice President, Advancement and Strategy			
		AC - Contract Template Less than \$500,000				Signatory 2	Signatory 1
		AC - Contract Template Greater than \$500,000	President	Signatory 1: Vice President, Advancement and Strategy			
G	<b>Employment Related Agreements</b> Employment Agreements, Negotiated Settlements, Employment Severance Agreements, Letters of Understanding	Standard Offers of Employment					With position and terms appropriately approved, exempt from two signatory requirement
		Settlement and Severance Less than \$100,000		Signatory 2: Vice President, Human Resources		Signatory 1: Director in Human Resources	
		Settlement and Severance \$100,000 and greater	President	Signatory 1: Vice President, Human Resources			
		Letters of Understanding and Other Agreements		Signatory 2: Vice President, Human Resources		Signatory 1: Director in Human Resources	

**Note** Agreements not specifically identified in the Schedule, where the Contract Class is not immediately recognizable, Signing Authority will be determined by the President or the Treasurer.

Legend	Category 1 College Administrators	Category 2(A) College Administrators	Category 2(B) College Administrators	Category 3 College Administrators
	The President	Associate Vice Presidents	Deans and Directors	Academic Chairs, Associate Chairs, and Associate Directors
	Senior Vice President and Vice Presidents	Chief Financial Officer, Chief Digital Officer, and Executive Directors		Senior Managers and Managers

# Executive Summary - Contract Review

Prepared by	Date
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1. Contract Form	Notes	Answer
Approved College Contract template ( <b>unaltered</b> ).		Yes <input type="checkbox"/>
Approved College Contract template ( <b>altered</b> ).		Yes <input type="checkbox"/>
<b>External Party contract</b> In <b>Response to a College Request for Proposal</b> .		Yes <input type="checkbox"/>
<b>External Party contract</b> External party has signed or appended the <b>College's Standard Terms and Conditions (unaltered)</b> .		Yes <input type="checkbox"/>
<b>External Party contract</b> External party has signed or appended the <b>College's Standard Terms and Conditions (altered)</b> .		Yes <input type="checkbox"/>
<b>External Party contract</b>		Yes <input type="checkbox"/>
Is there a <b>College Statement of Work?</b> (attach)		Yes <input type="checkbox"/> No <input type="checkbox"/>
If a net cost to the department, was it budgeted?	Yes <input type="checkbox"/> No <input type="checkbox"/>	In what Cost Centre?

Check one

Special Information:

## Contract Information (note: The College's legal name is "The Algonquin College of Applied Arts and Technology")

2. Contract Details	What Page	Purpose of Engagement:	Notes:	Reviewed by: (Signatory 1)					
External Party name?									
Contract start date?		<i>Example: March 12, 2023</i>		Reviewed by: (Risk personnel)					
Contract end date?		<i>Example: March 12, 2028</i>							
Contract length?		<i>Example: 5 years</i>	<u>Year, Months</u>						
Renewal Clause?		<i>Example: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> (How long?) 2 years</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Reviewed by: (Finance or Procurement personnel)					
Termination Clause?		Note:	Yes <input type="checkbox"/> No <input type="checkbox"/>						
Lifetime Contract Value (annual value x contract length + # of renewal years)?		<i>Example: \$100,000x(5yrs+2yrs) \$700,000</i>	\$ x (4 yrs + 0 yrs) \$ <input type="text"/>						
Ownership of Intellectual Property, Copyright, or Trademark clause?		Note:	Yes <input type="checkbox"/> No <input type="checkbox"/>	Specialty Review: (ITS, Facilities, HR, Marketing, Other)					
Insurance, Warranty, Indemnification Clauses?		Note:	Yes <input type="checkbox"/> No <input type="checkbox"/>						
Limited Liability Clause?		Note:	Yes <input type="checkbox"/> No <input type="checkbox"/>						
Governed by Canadian Law in Ontario Courts?		Note:	Yes <input type="checkbox"/> No <input type="checkbox"/>	Approved by: (Signatory 2)					
<b>Are Specialty Reviews Required?</b>	Finance and Risk	Yes <input type="checkbox"/>	ITS	Yes <input type="checkbox"/>	Facilities	Yes <input type="checkbox"/>	HR or Marketing	Yes <input type="checkbox"/>	

## 2. Margin Analysis

(Contracts requesting approval based on generating revenue (of more than \$1000) and net contribution)

The Budgeted Revenue the Contract will delivery this year	Total Expenses associated with contract. <i>(from below)</i>	The Budgeted Net Contribution Revenue less total Expenses
\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

### Expenses that will be incurred if the Contract is approved

Incremental Expenses	Annual Cost (fully-loaded)	Notes
Original Capital investment	\$ <input type="text"/>	
Permanent Personnel needs	\$ <input type="text"/>	
Temporary Personnel needs	\$ <input type="text"/>	
Lease/Rent/Space Costs needs	\$ <input type="text"/>	
Equipment Purchase needs	\$ <input type="text"/>	
PD, Travel, Marketing needs	\$ <input type="text"/>	
Other Required Incidental needs	\$ <input type="text"/>	
<b>(less) Expenses reimbursed</b>	minus \$ <input type="text"/>	
<b>Total Incremental Expenses</b> <i>(enter above)</i>	\$ <input type="text"/>	