

## **RCCD Internal Procedures for Processing Contracts January 2020 Update**

The Chancellor delegates to the Vice Chancellor of Business and Financial Services or the College Presidents, the authority to sign, and legally bind, RCCD to agreements/contracts (A/C) entered into for the District or a specific College. All A/C's over \$95,200 must have approval by the Board of Trustees and can only be signed by the Vice Chancellor, Business and Financial Services. Contracts that are \$95,200 and under, or those contracts involving no receipt or expenditure of money, do NOT need to go to the Board. But, they do still need the signature of a President or the Vice Chancellor of Business and Financial Services. (See procedures below)

**NOTE: A vendor, contractor, or any other person/entity, providing services or product to RCCD is not to begin performance under a contract unless the contract has been signed by both parties, the Vendor's Certificate of Insurance has been received and the P.O. has been approved and issued to the vendor by the purchasing office.**

### **GUIDELINES**

ALL contracts (even if there is no cost to the District and regardless of the dollar amount, except for those contracts/agreements discussed in Section V, herein), including Amendments or Addendums, MUST be read in their entirety by the manager, supervisor, or administrator of the Department processing the contract to make sure the Department/College/District can perform the provisions of the contract prior to submitting to the District's General Counsel (GC) for review. The GC is reviewing the contract to make sure legal requirements are met and would not know whether or not the department can perform the terms of the contract.

All A/C's must be with the Riverside Community College District and NOT an individual college, department, or person/position in the District (i.e. Agreement between XYZ Company and Riverside Community College District – NOT XYZ Company and the RCC Business Department). For contracts at the College level, the contract should be between the Riverside Community College District, on behalf of the \_\_\_\_\_ College.

All parties we contract with (whether a business or an individual) must be listed by their legal name.

#### **I. Procedures for Contracts Over \$95,200:**

1. The Department is to make sure they have the funding and a budget account set up before they proceed with the A/C.
2. The Department will send the A/C, electronically, to the GC for review.
3. The GC will send A/C back to department indicating it is either approved to go forward for Board approval or will note any changes to be made before it can go forward.

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4. The Department will: Make the necessary changes; obtain approval from the vendor for the changes, prior to placing the item on a Board agenda; and, prepare the A/C for Board committee, if necessary, or to the Board consent items agenda, for approval. See Section VII below for information on whether or not an A/C needs to go to Board Committee first.
5. Once the A/C is approved by the board, the department will initiate a purchase requisition (type A) through Galaxy and send the agreement (2 copies) to the vendor for signature before it goes to the Budget Office (BO).
6. The department will send a Contract Transmittal Form with a copy of the board report, 2 originals of the A/C, signed by the vendor, the Vendor's Certificate of Insurance (unless the insurance requirement has been waived by Risk Management, Safety & Police or Legal) and a copy of the purchase requisition created in Galaxy, to the BO for funding verification. BO will forward all documents to the Vice Chancellor of Business and Financial Services for review and signature. (NOTE, on the Contract Transmittal Form, in the blank where the area VP/VC would normally sign, put in the words "Board Approval on \_\_\_\_\_", filling in the date of the Board meeting at which the document was approved.) For additional information on the certificate of insurance, see #8 below.
7. The Vice Chancellor of Business and Financial Services will forward the signed originals of the A/C to the Purchasing department. One original will be kept on file and added to the contract database spreadsheet. Copies will be made and distributed to Accounts Payable and the originating department. The originating department will send a signed original contract to their vendor contact.
8. It is the processing Department's responsibility to obtain the Certificate of Insurance at the time the vendor is signing the A/C. The required Certificate of Insurance **MUST** accompany the Contract packet (#6 above). Otherwise, the packet will be returned to the sender and not processed until the Certificate of Insurance is received.

### **II. Procedures for Contracts \$95,200 and below:**

A written contract is necessary when the vendor requires one. If the vendor sends a document which the District needs to agree to and sign, then it is a contract/agreement. If the vendor will accept a Purchase Order in lieu of a separate written contract/agreement, then a written contract/agreement is **not** necessary, and you will follow the process outlined in Section IV. The Purchase Order is a contract/agreement and binds both parties to the terms and conditions of the purchase order.

If you have an agreement/contract \$95,200, or below, or for no cost to the District, that needs to be processed:

1. The Department is to make sure they have money and a budget account set up before they proceed with the A/C.
2. The Department will send the A/C, electronically to the GC for review.

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3. The GC will send A/C back to department indicating any adjustments needed.
4. If changes have been made to the original A/C, department will make sure vendor approves of the changes.
5. Once the A/C is in final form, the GC will give approval, by email that the document may go forward.
6. The Department will obtain the signature of the vendor on two (2) originals of the A/C. IF the department desires to keep an original of the document for their files, then three (3) originals are needed.
7. **At College Level:**
  - i. The College department will complete a Contract Transmittal Form and initiate a purchase requisition (type A) through Galaxy and send all, along with the vendor-signed copies of the A/C and the vendor's Certificate of Insurance (unless the insurance requirement has been waived by Risk Management, Safety & Police or Legal – see #3 below) to the College Vice President of Business (VPB), for general and budget review/approval. The VPB will indicate approval in the appropriate blanks on the transmittal form, and forward the packet to the President for review and signature.
  - ii. The President's Office will forward the packet to the Budget Office for funding verification and logging into the contracts database.
  - iii. After logging, the Budget Office will forward the packet to the Purchasing Department. The Purchasing Department will retain one of the originals, send a copy to Accounts Payable and send the other original back to the originating department, who will forward it on to the vendor contact, keeping a copy in the department's files.
8. **At District Level:**
  - i. The District Department will complete a Contract Transmittal Form and initiate a purchase requisition (type A) through Galaxy and send a copy of it, the transmittal form, the vendor-signed A/C and the vendor's Certificate of Insurance (unless insurance requirements have been waived by Risk Management, Safety & Police or Legal – see #3 below) to the appropriate Vice Chancellor for review and sign-off.
  - ii. The Vice Chancellor will then forward the packet (originals of contract, transmittal form, and copy of requisition), to BO. BO will initial approval on the transmittal form and forward all documents to the Vice Chancellor of Business and Financial Services, for review and signature.

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- iii. Once signed, the Vice Chancellor of Business and Financial Services, will forward the documents to the Purchasing Department. One original will be kept on file in the Purchasing Office and added to the contract database. Copies will be made and distributed to Accounts Payable and the originating District department, along with a signed original. The originating District department will send the signed original of the contract to their vendor contact.
  
9. It is the processing Department's responsibility to obtain the Certificate of Insurance at the time the vendor is signing the A/C. The required Certificate of Insurance **MUST** accompany the Contract packet (#6.1.i and 6.2.i above). Otherwise, the packet will be returned to the sender and not processed until the Certificate of Insurance is received.

Keep in mind that the District's regular terms of payment are Net 30. If the individual or company that is being contracted with (vendor) requires payment terms other than Net 30, please indicate the desired terms of payment in the External Notes portion of the purchase requisition format in Galaxy. Please also indicate "Have paper contract" in the External Notes.

**NOTE: Even though the actual contract does not need to go to the Board for prior approval, it will appear on a list, prepared by the Purchasing Department, as part of the Purchase Order listing on the consent Board agenda, for ratification by the Board.**

### **III. Amendments**

Amendments may be done for any contract already signed/approved and in effect, in order to extend the term of the contract, increase the amount of the contract, add to the scope of work, etc. However, if you are doing an Amendment in order to increase the amount of the contract be advised of the following:

Example (1): Original contract was for \$68,000 and signed by the College President or Vice Chancellor Business and Financial Services. You want to do an Amendment to add \$25,000 to the original contract amount, which would increase the total value of the original Contract to \$93,000. This pushes the amount of the original contract over the threshold of \$95,200, and requires the Amendment to be approved by the Board of Trustees. In that case, you would process the Amendment by following the procedures in Section I, above.

Example (2): Original contract was for \$68,000 and signed by the College President or Vice Chancellor Business and Financial Services. You want to do an Amendment to add \$10,000 to the original contract amount, making the total value of the original contract \$78,000. This is still under the \$95,200 and you can follow the procedures in Section II, above, to process the Amendment.

Contact GC for an Amendment template, if needed. All amendments must go to the GC for final review and approval to move forward for signature.

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### **IV. Purchase Order Instead of Contract:**

1. You **do not need a written contract** if your vendor does not require one and will accept a Purchase Order (P.O.) instead. Purchase Orders are legal agreements. Simply prepare your purchase requisition in Galaxy, making sure to include the following required information in your external notes:

#### **For Services:**

- a) The purpose of the Contract/purchase order – be as descriptive as possible;
- b) The time period, whether it is one day or from \_\_\_\_\_ to \_\_\_\_\_;
- c) The not to exceed amount; and,
- d) Payment provisions, which may include reimbursable expenses and a rate listing.

#### **For Product:**

- a) The proposal or order confirmation number, date, or name of company contact person
2. You may include any other information/comments you feel necessary in the external and/or internal notes section. Keep in mind that external notes are for the vendor's information. Do not put something in external notes that you don't want the vendor to read – those kinds of notes should be in the internal notes.
  3. If you have any documents that purchasing or the budget office will need in order to process your PO, such as a proposal or order confirmation, you need to note that in the internal notes on your purchase requisition and send those documents to the BO.
  4. In order to be a valid agreement, the PO must be accepted by the vendor. Our Purchasing Department will send the PO to the vendor, either by mail, fax, or email.

**NOTE: The Budget Office will not process your requisition unless all of the required information is included in The notes.**

### **V. Annual or Renewal Equipment Maintenance Agreements and District/Libraries Software Licensing/Maintenance Agreements**

For those Departments that have renewing annual equipment maintenance agreements, or District IT Departments or College libraries renewing software maintenance or licensing agreements, you do not need to go through the complete contract processing arrangement outlined above. The process is as follows:

1. If you have such an agreement, the document does not have to go to the GC for review and approval and it can be sent to your College Vice President of Business for review and forwarding to the College President for signature, or, in the case of a District department, to your appropriate Vice Chancellor, for review and forwarding to the Vice Chancellor, Business and Financial Services for signature. A Contract Transmittal Form is also to be

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included.

2. Once signed, you will initiate an “A” type purchase requisition through the “modify Purchase Requisition” screen in Galaxy for a Contract Purchase Order for the entire value of the annual maintenance.
3. Send a copy of the requisition, along with the signed maintenance agreement, and the completed Contract Transmittal Form, to BO for review.
4. BO will forward the A/C to the Purchasing Department. One original will be kept on file in the Purchasing Office and added to the contract database. Copies will be made and distributed to Accounts Payable and the originating District department, along with a signed original. The originating District department will send the signed original of the contract to their vendor contact.

### **VI. Revenue generating Agreements/Contracts**

The most common situation where this would apply would be an A/C that is the result of a grant award, agreement, or contract, with an outside agency or entity, to operate programs or to collaborate in activities, or some other situation where the District is compensated in exchange for a service, leased space, product, etc.

For processing the Agreement/Contract -

1. The Department will send the A/C, electronically, to the General Counsel (GC) for review.
2. The GC will send A/C back to department indicating it is either approved to go forward for signature or will note any changes to be made before it can go forward for further processing.
3. The Department will make the necessary changes and obtain approval from the granting agency or outside entity for the changes.
4. IF the A/C is over \$500,000 in value, it must have Board approval. Whether or not it has to go to Board Committee first is discussed in Section VIII below. Follow Section I for Board approval process.
5. If the A/C is under \$500,000, it does NOT need Board approval and you should refer to Section II.7. for processing, depending on whether you are a District or College Department, except that you do NOT do a purchase requisition – you follow the 2<sup>nd</sup> paragraph below in the NOTE. If a granting agency or outside entity requires Board approval please refer to #4 above.

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**NOTE: Process the required number of originals, which is at least 2, but the granting agency may require additional originals.**

It is important to know that not only does an agreement/contract have to be approved, but the money the District will be receiving needs to be added to the District/College budget by Board action. So, as soon as possible after the grant has been awarded, contact the BO to start the process of adding the grant money to the District/College budget. The BO will help walk you through this process.

### **VII. Contracts for use of hotels, convention/community centers, other schools, etc., for banquets, retreats, or other group gatherings (this does not include holding a class).**

The process is the same as that indicated above in Section V. Even though the GC does NOT review these documents, the manager/department entering into the contract is still responsible for reviewing the contract.

### **VIII. How do I know if a Contract/Amendment needs to be put on a Board Committee agenda first?**

1. First and foremost, the College President or appropriate Vice Chancellor has the final say on whether or not a contract or amendment has to go to a Board Committee first or can be placed directly on the Board's regular meeting agenda under consent items for District business – contracts and agreements.
2. It is impossible to list all of the situations that may be applicable, but, generally, a contract/amendment should be considered for a Board Committee agenda if it deals with new programs or initiatives; is regarding a non-routine project or special project.

When in doubt, the area Administrator should be consulted, who may, in turn, need to consult with the College President or appropriate Vice Chancellor. Be advised that all items for a Board committee will require a review by the College President or Vice Chancellor, who will bring it to the Chancellor's Cabinet for review prior to submission to Committee.