

Contract Basics:

“To understand or not to understand, that is the question”



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What to Expect.....

- ❖ Quick review of May 2018 presentation
- ❖ Discuss various contracts
- ❖ What have we been doing for two years?
- ❖ Review purchasing to payment process
- ❖ How do I decide if I have an IC or a VC/PO situation?
- ❖ What documents go to Accounts Payable?
- ❖ Reveal new IC form!!
- ❖ Contracting/payments with foreign nationals

HEY YOU YES YOU

YOU CAN DO IT



Contracts 101 Presentation

May 15, 2018

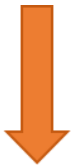
<https://wmich.edu/legal/contracts/resources>



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Quick review

Have you used
the contract
review
checklist?



Use each time

What makes
an agreement a
contract?



- **Terms and Conditions**
- **Often disguised as other documents (Statement of Work, Service Agreement)**
- **Anything that binds or ties us to our performance**

Who can
sign
a contract?



Very few people

Contracts, Contracts, Contracts



CONTRACT- Legal document that lists:

- terms and conditions (all parts of contract)
- scope of work (tasks/deadlines/length of time)
- payment details (who/when/how)

VENDOR CONTRACT (VC)- Purchasing “tool”

- used to set up the purchase
- paid in multiple installments

PURCHASE ORDER (PO) – Purchasing “tool”

- goods purchased
- paid in one installment

INDEPENDENT CONTRACT (IC) – Legal document for very specific purchases and vendors

**Result:
CWG**

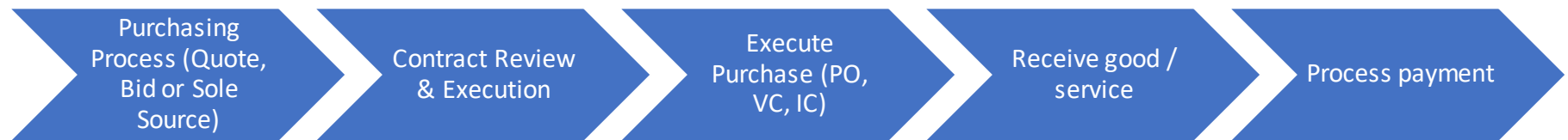
**2 years ago: What
are the differences
between an IC and a
VC?**

**HOW DID
WE GET
HERE?**

**Intent: Consistency
and streamline
processes**

**IC's: Too much
flexibility and
contradicting our
purchasing process.
Government entity:
MUST follow the
purchasing process**

Purchase to Contract to Payment Process





First question is **ALWAYS**: “Is the purchase over \$5,000?”

If **YES**, then must go through purchasing process:

<https://wmich.edu/logisticalservices/purchasing/purchase-process>

Does **NOT** matter what type of purchase or service (IC, VC, PO).

Need:

- Purchase Requisition
- Bid information & specifications / Sole Source Justification
- Vendor quote(s)



IC vs. VC



Independent Contractor (IC)

- Hire one person
- One or few specific tasks
- Responsibility lies with IC
- Retains the right to control the manner by which the services are to be performed
- Project is typically small and simple
- Duration is short
- Often one payment at completion of work

Vendor Contract (VC)

- Hire company
- One or many tasks with some flexibility
- Responsibility lies with University
- University retains the right to control the manner by which the services are to be performed
- Project is often larger and more complex
- Duration of work may be long
- Many payments along the way as the work is completed



Payment Package to A/P



Purchase	Amount < \$5,000 PROCARD	Amount < \$5,000	PO (always > \$5,000)	VC (always > \$5,000)	IC (any amount)
Accounts Payable document	N/A	Voucher	N/A	Voucher: Add VC #	Voucher
Vendor document	N/A	Invoice	Invoice direct to A/P from vendor	Invoice	Invoice
Department document	N/A	N/A	N/A	N/A	Completed & signed IC (W-9, foreigner docs)

New Independent Contract (IC)

- Most content is the same, just re-arranged to better define IC
- Scope of work: BE SPECIFIC!
Critical: helps prove breach of contract
- Term of agreement: 12 months or less
- Terms and conditions: one spot
- IC: unrestricted dollar amount
- Grant funds (25-30) : send directly to grant officer or grants-services@wmich.edu
- Signatures: acquire them in order

P.S.

❖ Templates

- <https://wmich.edu/legal/contracts/agreements>
- Service Agreement

❖ Contract Management System (Jaggaer) update

❖ Vendor requested Certificates of Insurance

- Laura Weber 7-4825

❖ WMU requires COI: Modes of transportation, construction, zip lines, catering, etc.

❖ Presentation uploaded – General Counsel website



