Contracts

Definition. A contract is an agreement between two or more parties describing terms and conditions. The term “contract” is defined in this context as various agreements related to the procurement of equipment, supplies or services. These contracts should not be confused with the construction contracts that are administered by the Unit of Contracts Management.

If the contract poses a substantial risk, the Procurement Agent may request additional review by the Office of University Counsel and/or the Department of Risk Management and Insurance. Review of documents can take anywhere from two weeks to several months depending on the complexity and the amount of negotiation required. Units are strongly encouraged to involve Procurement and Payment Services (Procurement) as early as possible, certainly in advance of submitting a final requisition with a contract.

Roles and Responsibilities for Contract Review, Approval, and Signature

End-User:
1. **Do not sign any vendor’s contract.** Only an authorized Procurement Agent may sign a contract per University Policy 4.2, Transaction Authority and Payment Approval
2. Review the vendor’s contract
3. When using a Cornell contract template, initial, sign and date as required on the template
4. All requests for exceptions to the standard insurance requirements must be approved by the Department of Risk Management and Insurance. To request an exception, submit a detailed scope of work and a clear explanation of the circumstances to Risk Management and Insurance. Please be sure to include any relevant information, such as data analysis, ownership of intellectual property, and requirements/detail from sponsored funds agreement. Please provide advance notice for review of the exception request. The Cornell unit should contact Risk Management and Insurance at risk_mgmt@cornell.edu or (607) 254-1575.
5. Send the contract to the BSC with the request for a requisition. **By submitting the contract, or authorizing another staff member to do so, you attest that you take full responsibility for understanding the business terms and conditions of the contract, i.e., timing, payments, cancellation fees, etc. Any liabilities that result due to the failure to meet the business contractual terms will be the responsibility of the end user’s department or college**

Business Service Center:
1. Review and attach the contract to the requisition
2. Procurement and Payment Services hereby delegates signature authority for contracts totaling less than $25,000 to the directors of the financial transaction, administrative service, and business service centers and their designees for the following contracts and addendums only:
   a. Caterer
   b. Facility and Hotel Event Management Addendum
   c. Performer without Equipment
   d. Performer with Equipment
   e. Small Service Provider
   f. Service Provider for Graphic Design, Web Design, Videography
   g. Service Provider for Photographer, Illustrator, Artist
   h. Service Provider for Writing, Editing, Indexing
Service Provider for Deaf or Foreign Language Translation

3. The BSC director/designee should attach a copy of the signed contract (per number 2 above) to the requisition.

4. All vendor contracts must be submitted to Procurement for review and approval by a procurement agent.

5. Any revisions to Cornell’s standard contracts must be submitted to Procurement for review and approval by a procurement agent.

6. If you have received approval for contract revisions from Risk Management or Counsel’s Office, attach the approvals to the KFS requisition.

**Procurement and Payment Services:**

1. The Procurement Agent is responsible for reviewing the business and legal aspects of the contract and for negotiating terms and modifications

2. Request additional review by the Office of University Counsel, as needed

3. Sign the agreement on behalf of the University

4. Send the contract to the vendor with the purchase order

**Requirements for Initialing and Signing Contracts**

<table>
<thead>
<tr>
<th>Contracts for Services</th>
<th>Unit Initials – each page</th>
<th>Unit Initials – last page</th>
<th>Unit Signature</th>
<th>BSC Director or Designee Signature &lt; $25,000</th>
<th>Procurement Signature</th>
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</thead>
<tbody>
<tr>
<td>Vendor Templates</td>
<td>Yes</td>
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<td>Cornell Templates:</td>
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<td>Independent Contractor</td>
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<td>IC Amendment</td>
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<td>Professional Services</td>
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<td>Facility Addendum</td>
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<td>Caterer Contract</td>
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<td>Performer without Equipment</td>
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<td>Professional Search Firm</td>
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Types of Lease Programs

At times it is necessary or preferable to lease assets, e.g., equipment, computers, vehicles, or real estate, rather than to purchase the assets outright. For all real estate leases, contact the Real Estate Department. For all other lease types, refer to the lease classification criteria and flowchart provided by General Accounting on their website at https://www.dfa.cornell.edu/accounting/topics/lease-classification to determine if it is an operating or capital lease. For capital leases, complete the Summary of Accounting Treatment form and submit it to DFA General Accounting at dfa-generalaccounting@cornell.edu.

Internal Lease Program
The University implemented an internal lease (loan) program for departments to purchase equipment and to pay for the equipment in installments. This program was established to assist departments in purchasing equipment instead of entering into expensive external lease agreements.

- Managed by the University Treasurer’s Office
- Department purchases equipment outright from the supplier
- Debt payments are over the useful life of the asset (plant accounting office prepares journal entry on monthly basis)
- Loan is a variable rate loan (adjusted annually) based on the University’s cost of borrowing
- Competitive interest rates
- Note: A unit representative with external transaction authority for the dollar amount of the purchase is required to sign the lease agreement.
- If the loan is less than $100,000, the lease is approved immediately.

The loan application is available on-line at https://www.dfa.cornell.edu/treasurer/debt/internal-debt/leaseloan-equipment.

External Lease Program
Procurement and Payment Services (Procurement) implemented an external lease program for departments that do not intend to own the asset and will return it at the end of the lease. This program is only available for items which cost over $50,000.

- Managed by Procurement through University Lease
- Operating lease with no asset transferred to Cornell University after end of lease
- Pre-approved lease program with negotiated rates and terms
- Ability to work with any preferred vendor or other equipment vendor
- Easy access to rates and payments through a secure, Cornell-restricted access Web site

Procedure:
- End User/Unit obtains a current, written price quote on the purchase price of the required equipment. The normal procurement process will apply in obtaining the price quote (e.g., bids, preferred supplier, single/sole source justification). End User/Unit notifies the supplier that the equipment will be leased through University Lease.
- End User/Unit contacts Procurement. Procurement will contact University Lease and provide them with a copy of the quote, the length of the lease and whether the payments will be monthly, quarterly or annually.
- University Lease prepares the lease documents, providing the original to Procurement. Procurement will send the documents to the end user.
- End User/Unit initiates an IWNT DOC for University Lease covering the lease for the selected length and payment schedule.
- Procurement approves the requisition and sends the purchase order and signed lease documents to University Lease.
Internal Borrowing Guidelines

The University’s internal borrowing guidelines are guiding principles to effectively utilize capital resources, including debt financing, in achieving the mission and goals of the University while minimizing the cost of funds. It is the responsibility of the unit sponsoring a capital project that requires debt financing to ensure that the project has a formal funding plan as well as a contingency funding plan. Contingency plans are particularly essential in projects that anticipate debt repayment from gifts or other sources of funding with an element of uncertainty regarding timing or magnitude. The basic guidelines are as follows:

- For loans under $500,000, amortization period is five years or less
- For loans under $1,000,000, amortization period is 10 years or less
- Loan repayment period cannot exceed the life of the financed asset. Maximum loan period is 30 years or the term of the underlying debt instrument, whichever is shorter.
- Interest is paid during construction period; principal and interest amortization will begin within one year of project completion (e.g., certificate of occupancy)
- Compounding of interest will be available only on projects with a repayment source not available during construction (e.g., gift pledges or revenues to be generated by the completed project) greater than $5 million and pre-approved by Planning and Budget and Treasurer’s Office
- All projects must have a formal funding plan and a contingency funding plan (backstop repayment source)
- Certain exceptions to these guidelines can be approved by the Division of Planning and Budget and the Office of the University Treasurer under extenuating circumstances

Internal Borrowing Guidelines may be reviewed on the University Treasurer’s Web site at http://www.dfa.cornell.edu/treasurer/debt/internal-debt/internal-borrowing.
Small and Diverse Business Programs

Cornell University endeavors to promote the development of mutually beneficial business partnerships so that Small, Small Disadvantaged, Woman-Owned, Veteran-Owned, Service-Disabled Veteran-Owned, and HUB Zone business concerns (hereafter collectively referred to as “small/small disadvantaged business concerns”) have competitive access to participate under Cornell University's procurement of materials, supplies, and services consistent with effective and economic purchasing practices.

Cornell University's departments and purchasing personnel should plan purchases in a manner that encourages participation by small business concerns, including economic quantities, reasonable delivery schedules and allowing sufficient time to these types of business enterprises to submit bids. When mutually beneficial, Cornell University will provide assistance to small/small disadvantaged business concerns.

You may wish to review the definitions for the above categories in the Federal Acquisition Regulation (http://www.arnet.gov/far/) 19.7 or 52.219-8. If you have difficulty ascertaining your size status, please refer to the Small Business Administration's (SBA's) web site (http://www.sba.gov/contractingopportunities/officials/size/index.html), or contact your local SBA office.
Cornell Sustainable Campus

Cornell University supports research, scholarship, and the practical application of knowledge that address one of humankind's greatest challenges: achieving a sustainable world for all.

The university's specific commitment to campus sustainability was recently formalized in the new 2010-2015 Cornell University Strategic Plan. The plan calls for sustainability to be a guiding principle in all campus operations and specifically the implementation of the Climate Action Plan and Comprehensive Master Plan. For information on teaching, research, and outreach for sustainability visit the Cornell Sustainability Portal.

Progress in campus sustainability requires participation and innovation from every corner of campus. From the links below you can learn about the diverse efforts of student organizations, staff green teams, and the Cornell Assemblies' three sustainability committees. In particular, the Presidents Sustainable Campus Committee and the Sustainability Office, along with 10 President's Sustainable Campus Committee Focus Teams, play important roles in the coordination and support of these efforts.

For more information, visit http://www.sustainablecampus.cornell.edu/about/. For information on the Purchasing Team, visit http://www.sustainablecampus.cornell.edu/about/#purchasing.
Surplus Program

The Cornell Asset Transfer System (CATS) replaces the capital asset surplus listing. CATS allows units to post excess and scrap items online and make them available to other units. Units can post and browse ads for available and wanted Cornell capital and non-capital items only. **Personal items may not be posted on this system.**

All policies still apply, including those related to transferring and disposing capital assets. For information on asset policy, see University Policy 3.9, Capital Assets.

**Note:** Before capital asset items are posted, they will be routed automatically to Capital Assets for review.

For questions, contact DFA Capital Assets Department via telephone at (607) 255-9872 or 255-9464 or via e-mail at Uco-capasset@Cornell.edu.

For more information on R5 Operations: Respect, Rethink, Reduce, Reuse, Recycle visit [http://r5.fs.cornell.edu/](http://r5.fs.cornell.edu/).

The Office of Government and Community Relations coordinates equipment requests from the off-campus community. You are required to notify and gain approval from Community Relations before a gift can be made to an individual or outside agency. You may contact them via telephone at 255-4908 or via e-mail at community_relations@cornell.edu for more information.