Finance & Administration
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Contract Processing Guidelines - FY2002

Getting the job done right!
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>3</td>
</tr>
<tr>
<td>SECTION I. LIMITED SERVICE CONTRACTS</td>
<td>4</td>
</tr>
<tr>
<td>SECTION II. AGREEMENT FOR PROFESSIONAL SERVICES</td>
<td>7</td>
</tr>
<tr>
<td>SECTION III CONTRACT MODIFICATIONS</td>
<td>10</td>
</tr>
<tr>
<td>SECTION IV FORMS AND INSTRUCTIONS</td>
<td>11</td>
</tr>
</tbody>
</table>
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Thanks for a job well done!

Peter Goldstein, Vice Chancellor for Finance & Administration
SECTION I. LIMITED SERVICE CONTRACTS

Definition: Limited Service Contracts have been implemented to simplify and expedite the processing of payments to independent contractors who provide a valuable service of a very short-term and straightforward nature.

Application: California Education Code Sections 81644 and 81656 among other things, govern the manner in which a community college district may procure the services of non-employee workers. The Limited Service Contract form has been designed to hire independent contractors who will be paid under $10,000 for personal services such as translation, training, speaker engagements, guest lectures/instruction, faculty development and staff development. Contractors hired on this form must not have employees.

Contracts for services of a more complex nature such as administrative, legal, audit services, and other specialized services must be processed on the Agreement for Professional Services Contract.

Authorization: Through Board Resolution 000622-S3, the Chancellor or his designee may execute contracts up to $10,000 without the necessity of additional Board of Trustee approval. The Chancellor, through the Vice Chancellor of Finance and Administration has designated the Dean of Administrative Services for this purpose.

Contracts that are grant funded must have Board of Trustee approval to apply and appropriate funds. In addition, grant funded contracts must include in the contract submission package, a copy of the Board Resolution and Budget Development Worksheet, as required by Grants Accounting for all grants.

District staff who are not authorized to execute contracts on behalf of the District are prohibited from having contractors start work prior to the full execution of a contract covering the work to be performed.

Department Responsibilities:

1. Avoid delays in contract processing by following these guidelines. Begin the contract process at least one month before the anticipated start date.

2. Do not allow contractors to commence work prior to receiving a fully executed contract from the Office of Administrative Services. Allow at least two weeks lead-time for Administrative Services and accounting to finalize a fully executed contract. Special circumstances requiring commencement of work without a contract must have prior written approval from the Vice Chancellor of Finance and Administrative or Dean of Administrative Services. Justification for retroactive contracts must be submitted with the contract package.
3. Submit a complete contract package containing one original and three copies, as required, to the Office of Administrative Services. Incomplete contract packages will be returned without processing. (Note: Accounting will not process payments to contractors without a contract.)

4. Attach a blank requisition form to the completed Limited Services Contract documents. (This provides accounting with a tracking number for the contract and eliminates the necessity for additional work in completing the requisition. It also facilitates the process for establishing the Term Purchase Agreements (TPA).

5. Section I – Contractor and Payment Information. This page will serve as an invoice for payment processing as well as part of the contract.
   
   a. Contractor’s Information - Complete as indicated
   
   b. Description of Services to be Performed - Describe the general scope of services and include specific deliverables. Deliverables are the performance outcomes as the result of the contractor’s work.
   
   Project Description – If the work to be performed is for a particular, program, project and/or department, please include this information.
   
   c. Term - Type in the spaces provided to indicate when the contract (work) will start and will it will end. Do not have the contractor start work before the contract commencement date.
   
   d. Payment – Write out the dollar amount in narrative and numerical form as indicated. Please check the box only if Section III, Independent Contractor Form, has already been submitted for the current tax year. (See Section III, Independent Contractor Evaluation Criteria Test). Complete the FOAPA information as required. (Note: Special Services contract account number generally is 5190)

Signatures: The signature part of this section is reserved for the parties authorized to enter contracts on behalf of the District. All contracts must be recommended by the Department Head or his/her designee. This signature of the authorized department representative does not authorize commencement of work. Print the name and title of the authorized department representative, the title and date of signature. Include a mailbox and telephone number for further communication.
Verification of Performance & Authorization to Make Payment:

The shaded box is for the department to request that the contractor be paid and serves as the invoice. Include the requisition number in the space provided. If the contract will require a single payment to the contractor and thereby close-out the contract, please complete the “SINGLE PAYMENT PROCESSING” box.

If the contract will require multiple payments to the contractor, then use the “MULTIPLE PAYMENT PROCESSING” box. Submit a copy of the executed contract form each time a payment is to be issued. Complete one of the blank lines to indicate the amount to be paid to the contractor, sign where indicated and provide the date of signature.

If the number of payments exceeds the space provided, attach an addendum using the format provided in the “MULTIPLE PAYMENT PROCESSING” box. Multiple payments are limited to the current fiscal year.

6. **Section II** – fill in the blank with the project description.

7. **Section III** – Complete this section only if it is anticipated that the District will be paying the Contractor $600 or more during the current tax year. Download a copy of the W-9 from the Contracts website or the IRS website for the Contractor to sign.

The contractor must sign this form certifying that he/she is an independent contractor. Part 1 and Part 2 of this form must be carefully reviewed and completed. If the contractor provides a response on the test other than what an independent contractor would generally answer, request an explanation.

The recommending manager must also sign this form indicating that after he/she has reviewed the independent contractor evaluation criteria, the contractor’s certification and the scope of work, he/she certifies that the worker is an independent contractor.

After the contract has been processed by Administrative Services, accounting staff conducts its review for budget and grant approval. The contract is then set-up in BANNER to allow commencement of work and fund expenditure. When the budget review is completed and approved signatures obtained, two fully executed copies of the contract will be returned to the originating department. One copy is a departmental copy. The other copy is to be sent by the originating department to the contractor.
SECTION II. AGREEMENT FOR PROFESSIONAL SERVICES

Definition: The Agreement For Professional Services Contract has been implemented to simplify and expedite the processing of payments to professional services contractors who provide employ workers and/or provide more complex services that place the District in a position of greater legal and financial risk.

Application: California Education Code Sections 81644 and 81656 among other things, govern the manner in which a community college district may procure the services of non-employee workers. The Agreement for Professional Service Contract form has been designed to hire independent contractors who will be paid over $10,000 for professional services such as auditing, legal, expert advice, program development, market consulting, research, etc. This contract is also to be used for contracts under $10,000 that are more complex in nature and where the firm being hired has employees.

Contracts for limited independent contract services under $10,000 should be prepared on the Limited Services Contract form.

Authorization: Through Board Resolution 000622-S3, the Chancellor or his designee may execute contracts up to $10,000 without the necessity of additional Board of Trustee approval. The Chancellor, through the Vice Chancellor of Finance and Administration has designated the Dean of Administrative Services for this purpose. However, any contractor who will be paid more than $10,000 in a given fiscal year must be approved by the Board of Trustees prior to entering into a contract or otherwise commencing work on behalf of the District.

Contracts that are grant funded must have Board approval to apply for and appropriate funds received. In addition, grant funded contracts must include in the contract submission package, a copy of the Board Resolution and Budget Development Worksheet, as required by Grants Accounting for all grants.

District staff who are not authorized to execute contracts on behalf of the District are prohibited from having contractors start work prior to the full execution of a contract covering the work to be performed.

Department Responsibilities:

1. Avoid delays in contract processing by following these guidelines. Begin the contract process at least two months before the anticipated start date.
2. **Do not allow contractors to commence work prior to receiving a fully executed contract from the Office of Administrative Services.** Allow at least two weeks lead-time for Administrative Services and accounting to finalize a fully executed contract. Special circumstances requiring commencement of work without a contract must have prior written approval from the Vice Chancellor of Finance and Administrative or Dean of Administrative Services. Justification for retroactive contracts must be submitted with the contract package.

3. **Submit a complete contract package containing one original and three copies, as required, to the Office of Administrative Services. Incomplete contract packages will be returned without processing. (Note: Accounting will not process payments to contractors without a contract.)**

4. **Include a completed requisition form with the completed Professional Services Contract documents. (This provides accounting with a tracking number for the contract and reduces staff time for processing payments to contractors. It also facilitates the process for establishing the Term Purchase Agreement (TPA) when more than one payment will be made to the contractor.**

5. **Introduction Section – In this section, please leave the date blank for the District representative (the Dean of Administrative Services or Vice Chancellor of Finance and Administration) signing the contract to fill in. The next space should be filled in with the name of the Department, Program or Project that the Contractor will be working for on behalf of the District. The next space with apostrophes is to be filled in with the name of the Department, Program or Project – for example: Disabled Student Services Program is commonly referred to as “DSPS”. The next space should be filled in with the legal name of the Contractor – for example: Bay Area Communication Affiliates.**

Under the second paragraph of the Introduction Section the first space to be filled in is Board of Trustees Resolution Number that authorizes the District to enter into contract with the Contractor, if the total annual compensation to the Contractor exceeds $10,000. If the contract involves the expenditure of grant funds and the contract is less than $10,000, then include the Board of Trustees Resolution that authorizes the application and appropriation of grant funds paying for the Contractor’s services. If the contract is under $10,000 and does not involve expenditure of grant funds, place a check in the space next to Board Resolution 000622-S3 ____.

Provide a FOAPA (Fund, Organization Account and Program) number that will be used to pay the contractor. Include a Grant Number, if applicable.
Paragraph 1 - Services:  Contracts must include a copy of Attachment “A” or a Scope of Services that at the minimum includes the basic data elements provided in the sample Attachment “A” developed as a part of these guidelines.

Paragraph 2 - Term:  Include when the work will commence and when it is anticipated for completion. A time cushion may be included in this section, if need be, but provide specific timelines in the Attachment “A”. The Contractor may not commence work until after there is a fully executed contract. Allow at least two weeks after submittal for Administrative Services approval in your contract start date. Otherwise, the contract may be construed as being retroactive which is a violation of the Education Code and Board of Trustee Policy. (All Retroactive Contracts must be documented as such and if not otherwise approved, the Board of Trustees must be informed as well.

Paragraph 3 - Payment: There are two payment options. Check the first space (A) if the Contractor will be paid in a lump sum. Check the second space (B) if the Contractor will be paid in multiple payments.

Paragraph 4 – Independent Contractor: Refer to Attachment B for instructions.

Paragraph 15 – Insurance: Check the space that follows Appendix to indicate if insurance will be required of the Contractor.

Signatures – Make sure that the entire contract has been reviewed with the Contractor and the Contractor has completed the section designated for “Contractor”. The Department Head or designee will sign and make sure that the Recommended By section is completed.

Insurance Appendix – If you do not feel comfortable in assessing the risk exposure for the contract, consult the Department Head or Vice Chancellor; Dean of Administrative Services; Contract Compliance Officer or General Counsel’s office for assistance. After evaluating the risk exposure for the contract, fill in the information as applicable.
SECTION III  CONTRACT MODIFICATION FORM

Definition:  Contract Modifications are required whenever there is a change in the terms and conditions of the original agreement. Any changes in the contract must be made in writing in the manner prescribed by District General Counsel. Such changes may include (but are not limited to) change in the term, scope of services or payments.

Application:  California Education Code Sections 81644 and 81656 among other things, govern the manner in which a community college district may procure the services of non-employee workers. The District uses a variety of contract forms for the purpose of spelling out terms and conditions for procuring services. A form for contract modifications has been designed to facilitate compliance with District Contract Modification requirements.

Department Responsibilities:  Attach a copy of the original contract and requisition to the back of the completed Contract Modification form. If the original contract (or total annual payment to the contractor) was less than $10,000 and the contract modification increases the total contract to over $10,000, then Board approval is required. Attach a copy of the Board Resolution authorizing expenditure of over $10,000 to the completed Contract Modification form. Submit the contract modification package to the Office of Administrative Services for review and processing.