



CONTRACTING PROCEDURE

Procedure Type:	Institutional	Initially Approved:	October 3, 2018
Procedure Sponsor:	Vice-President Finance and Operations	Last Revised:	November 23, 2021
Administrative Responsibility:	Finance	Review Scheduled:	November 2026
Approver:	President and CEO		

A. INTENT

As a publicly funded institution, the Alberta University of the Arts (AUArts) is accountable for the prudent and effective stewardship of funds. From time to time, and for a variety of operational reasons, AUArts may require the services of external contractors/vendors.

Services and goods are contracted when there is an economic benefit to do so and where contracting is in accordance with overall procurement practices.

A contract is a legal agreement executed on behalf of AUArts by an authorized employee as per the Delegation of Signing Authority Policy and the Signing Authority Matrix. A contract is used when there is a need to identify, in writing, costs, and requirements for the supply of goods and/or services and each party’s responsibility in the event of damage, default or loss.

Other non-financial agreements are used when there is a need to formalize, in writing, each party’s contribution or involvement to a specific project or initiative.

B. SCOPE

This Procedure applies to all contracting and covers important information to consider prior to using any contract. Certain contracts that have a different approval process are excluded from this procedure:

- Travel expenses
- Visiting Artist
- Honorariums
- Payments for students’ scholarships, bursaries and awards, where payment vouchers are used.

C. DEFINITIONS

Contract:	A written financial agreement that outlines an exchange of services and monies between a third party (vendor, individual, institution) and the institution.
Expenditure Officer:	A delegated employee with authority to initiate and approve expenditures on behalf of the institution as per the Signing Authority Matrix, and certify receipt of goods or services and contract performance and price.
TILMA:	The Trade, Investment and Labour Mobility Agreement an accord between the Governments of British Columbia and Alberta removing any obstacle that impedes, restricts or impairs trade, investment and labour mobility between the provinces.
NWPTA:	The New West Partnership Trade Agreement. An accord between the Governments of British Columbia, Alberta and Saskatchewan removing any obstacle that impedes, restricts or impairs trade, investment and labour mobility between all three provinces.
Standard Contract:	An approved contract template where no changes are made to the contract language.
Non-standard Contract:	A contract that is not an approved contract template. These may include outside third party contracts or AUArts approved contract templates where changes have been made to the template.

D. PROCEDURE

1. General Principles

- 1.1 The Signing Authority Matrix applies to and gives authorization for all contract situations regardless of funding source, type of good or service proposed, or contribution to a specific project or initiative.
- 1.2 Contracting shall be conducted in a manner that will:
 - a. Stand the test of public scrutiny in matters of prudence and probity, facilitate access, encourage competition, and reflect fairness in the spending of funds; and
 - b. Ensure the pre-eminence of operational requirements.
- 1.3 Contracted services must not begin before the contract is signed by both parties. A contract is not executed by AUArts until it has been signed by both the Expenditure Officer and the Manager, Procurement + Retail Operations, or delegate.

- 1.4 Employees in a contract decision-making position are to identify and disclose any potential conflicts of interests they may have with contractors or bidders, as per the Board of Governors Code of Conduct Policy.
- 1.5 Examples of conflict of interest situations may include:
 - a. An employee has a personal relationship with an employee of the vendor.
 - b. An employee that has a financial or business interest in the vendor.
 - c. A member of the employee's immediate family has a personal relationship or financial/ business interest in the vendor.
 - d. An employee has an outside interest that impedes their ability to act impartially and objectively in respect of any vendor.
 - e. An employee received a gift or benefit from the vendor, which impedes their ability to act impartially and objectively in respect of that vendor.
- 1.6 Generally contracts involving individuals are acceptable only if the contracted work can be performed without imposing employer-employee restrictions. Where it is determined an employer-employee relationship exists an employment contract will be used in place of the standard services contract.
- 1.7 To determine if there is an employer-employee relationship, and/or compliance with collective bargaining agreements, where applicable, the following factors must be considered, in consultation with Human Resources:
 - a. Is this work already being done by a member of the bargaining unit?
 - b. Should this work be done by a member of the bargaining unit?
 - c. Is there a conflict of interest that exists by hiring this contractor?
 - d. Who controls how the work is done?
 - e. Who owns the tools used?
 - f. Does the contractor have a chance of profit or risk of loss?
 - g. How much integration is there between the contractor and the Institution?
 - h. Does the contractor work for other customers?

2. Contract Preparation

- 2.1 AUArts has created a number of Standard contract financial contracting templates. These templates should be used whenever possible when entering into a contract with an outside party. Templates include Sessional Contract, Visiting Artist Contract, General Services Contract and Course Developer Contract (Con Ed).
 - a. The Sessional contracts template contains all provisions necessary to augment and supplement instruction and programming needs of AUArts beyond that which is provided by permanent faculty appointments, all in accordance with the collective agreement.
 - b. The Visiting Artist contract template contains all provisions necessary for a short-term service agreement in support of the educational goals of a program or the institution as a whole, all in accordance with the collective agreement
 - c. The General Services Contract template contains all provisions necessary to engage most services for general business services.
 - d. The Course Developer Contract template contains all provisions necessary to engage independent contractors for curricular content development needs.

- 2.2 If AUArts' templates are used, and no changes are made to the contract language, then no review by the Vice President, Finance and Operations is necessary. These templates contain all of the necessary language to protect and minimize the risk exposure of the institution.
- 2.3 All non-standard contracts require review by the Manager, Procurement and Retail Operations, prior to contract signing.
- 2.4 Non-standard contracts, including non-financial contracts, may require review by legal counsel. Non-standard contracts below \$10,000 may be approved at the discretion of the Manager, Procurement and Retail Operations, or designee, without legal review. Where legal review is required, legal review will be coordinated through the Office of the Vice-President, Finance and Operations, and charged to the departments requesting the non-standard contract.
 - a. The Expenditure Officer initiating a contract is responsible for reading the contract entirely and determining that:
 - o The inserted portions of the contract are clear and consistent, and accurately reflects the current state of negotiations;
 - o The contract meets programmatic and service requirements of the institution;
 - o The obligations the agreement places on the institution; can be complied with;
 - o All departments affected by the contract have been consulted; and
 - o The contract terms are in compliance with the Delegation of Signing Authority Policy and Signing Authority Matrix.
- 2.5 All contracts relating to information technology, development, maintenance and support contracts, and contracts for non-standard computer equipment, must be reviewed by the Director Computing and Technical Services prior to contract signing.
- 2.6 All financial contracts must be authorized by the Manager, Procurement and Retail Operations prior to being executed with the exception of sessional and visiting artist contracts.
- 2.7 All executed contracts must be logged with the Finance department.

3. Vendor Selection Methods

- 3.1 Vendor selection must follow the Purchasing Procedure where the anticipated value of the goods or services to be purchased will determine the procurement procedure to be followed.

4. Contract Regulations and Applicable Laws

- 4.1 TILMA and NWPTA require, for the MASH sector in which post-secondary institutions are included, that invitations to bid for purchases/contracts be made equally accessible to all Alberta, British Columbia, and Saskatchewan suppliers, where the value is \$75,000 or greater for goods or services or greater than \$200,000 in the case of construction.
- 4.2 Advertising must be done through the use of the Alberta Purchasing Connection ("APC") and may be supplemented by additional advertising or invitations to suppliers. Contracts cannot be split, consecutively renewed, or

otherwise arranged in a manner having the effect of circumventing these requirements.

- 4.3 Contractors must comply with all applicable policies and procedures of the Institution and all statutes, laws and regulations relating to the performance of services, including the Freedom of Information and Protection of Privacy Act (Alberta) and any applicable workers' compensation, employment standards and occupation health and safety laws.
- 4.4 Any contractor requiring access to Institution information systems must comply with all related and applicable IT guidelines and procedures including Acceptable Use.

5. Monitoring of Contracts

- 5.1 It is the responsibility of the Expenditure Officer to monitor charges against the contract to ensure authorized budgeted expenditure amounts are not exceeded. Many contracts have expiry dates and it is the Expenditure Officer's responsibility to ensure no services are provided after the termination date of a contract.

6. Contract Amendments

- 6.1 Amendments may only be done in writing, must be prepared before the expiration of the original term, and must be signed by an Expenditure Officer with appropriate approval limits and the Manager, Procurement and Retail Operations.
 - a. Signing authorization for amendments must be by the same authority as the original contract, or higher if the amended contract exceeds the original signing authority's approval limit.

7. Contract Reporting

- 7.1 Records of and original copies of all contracts, including but not limited to the information supporting the selection method used, must be maintained.
- 7.2 All General Services Contracts and non-standard contracts will be logged and maintained within the Finance department of the Institution and assigned a contract number. The contract number shall be referenced on all payable invoices related to the contract.

8. Insurance

- 8.1 The contract templates specify contractors must have insurance coverage. This clause will typically not be removed, and exceptions must be approved by the Vice President, Finance and Operations, or designee.

9. Legal Identity of Contractors

- 9.1 The contract preparer must verify the legal status of corporations and partnerships through completion of a reasonable level of due diligence.
- 9.2 The legal name used in the contract is the only vendor name to which invoice payments will be issued.

10. Workers' Compensation

10.1 Contractors are required to comply with the Occupational Health and Safety Act and the Workers' Compensation Act. On request, all Contractors must provide a certificate showing the Contractor is registered and is in good standing.

E. RELATED POLICIES

- Code of Conduct Policy
- Delegation of Signing Authority Policy
- Procurement Policy
- Contracting Procedure
- Travel Procedure

F. RELATED LEGISLATION

- Provincial Trade, Investment and Mobility Agreement (TILMA)
- Interprovincial New West Partnership Agreement (NWPTA)

G. RELATED DOCUMENTS

- P-card Guidelines

H. REVISION HISTORY

Date (mm/dd/yyyy)	Description of Change	Sections	Person who Entered Revision (Position Title)	Person who Authorized Revision (Position Title)
11/23/2021	Template update, Content revisions	All	Manager, Finance and Accounting	Vice-President Administration