



# Contract Management Operating Procedure

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**Replaces:** Version 2019

**Corresponding Policy:** Contract Management Policy

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## Purpose

To outline the process for the initiation, review, approval, management and closeout of contracts at Cambrian College ("the College"), in accordance with the Contract Management Policy.

## Scope

This procedure applies to all College employees who are involved in the initiation, negotiation, administration, management, extension, amendment, or renewal of contracts. Employment agreements are an exception to this procedure.

## Definitions

**Amendments:** changes to the original contract, within the period of the active contract for the purpose of adding, deleting or modifying terms, conditions or sections of the agreement. Contract amendments are not used for changes to the scope of work.

**Authorized Signing Authority:** a representative of the College, appointed by the Board of Governors, with the power to commit the College to binding agreements and sign contracts on behalf of the College. An Authorized Signing Authority may also be referred to as legal signing authority, binding signing authority, and designated signing authority.

**Contract:** any document, or other evidence, of an intention to establish a binding legal relationship between the College and one or more third parties. This includes creating an obligation, receipt of an asset, memorandums of understanding, or sharing of information for the College.

**Contract administration:** a term used to describe the functions that are performed after the parties have signed the contract. Contract administration activities include



monitoring of progress/performance, inspection and acceptance, quality assurance, contract amendments or change orders, negotiations, contract closeout, and payments.

**Contract administrator:** a college administrator who is responsible for the proper adherence to all contract terms and conditions.

**Contract management:** the set of activities required to properly manage contractual commitments to and from third parties and includes the management of pre-contract diligence, negotiation, and implementation activities. The intent of this set of activities is to maximize operational and financial performance at an organization, all while reducing risk.

**Contractor:** a person or business which provides goods or services to the College under terms specified in a contract.

**Performance assessment:** the process of ensuring both parties to a contract meet their obligations as effectively as possible in order to achieve the agreed outcomes.

**Renewal:** an extension of an existing contract or a new contract entered into at the completion of the term of an original or renewed contract.

**Responsibility Centre:** the department that oversees the particular contract type in their respective areas. See Appendix A for examples.

## Operating Procedure

### 1. Contract Initiation

- 1.1. The initiating department contacts the Responsibility Centre for all contract inquiries and requests. See Appendix A for list of Responsibility Centres.
- 1.2. The Responsibility Centre advises the initiating department of the requirements for a contract.
- 1.3. The initiating department in collaboration with the Responsibility Centre gathers all relevant information to assess whether or not to enter into a contract. The information should include a proposal document, due diligence information, business case, quotations, legal advice and any other relevant documentation.

- 1.4. The Responsibility Centre initiates the development and review of all new and existing contracts and consults with the Contract Administrator to establish scope and specification of the contract.

## **2. Contract Negotiation**

- 2.1. The Responsibility Centre negotiates contract terms and conditions with external parties as required.

## **3. Contract Preparation**

- 3.1 The Responsibility Centre ensures that contracts are drafted using College-approved templates, unless reviewed and approved by the Procurement and Contract Management Department.
- 3.2 All contracts must be in writing and issued using the College's full legal name: "Cambrian College of Applied Arts and Technology".
- 3.3 Contracts must not be in the name of any specific faculty/school, academic department, administrative unit, or unincorporated entity or organization of the College.
- 3.4 The other parties' name must be the full legal name.
- 3.5 The Responsibility Centre ensures that performance expectations are clearly stated in the contract.
- 3.6 The Responsibility Centre liaises between the external agency and Contract Administrator to review the contract and make recommendations for a compliant contract.

## **4. Administrative Review**

- 4.1. Prior to approval, all contracts must undergo an administrative review.
- 4.2. The Responsibility Centre facilitates the administrative review process, ensuring that:
  - a. All documents referred to in the contract are attached (e.g., original agreement, previous renewals, schedules, appendices, etc.);
  - b. Finance has been contacted prior to routing if the contract has any budgetary or financial implications;
  - c. All areas of the College impacted by decisions must be consulted as appropriate (e.g., IT, Facilities, Financial Services, Office of the Registrar);

- d. The contract complies with the requirements of section 28 of the Financial Administration Act (Ontario) and directives of the Ministry of Colleges, Universities, Research Excellence and Security relating to that legislation;
- e. Risks are considered and legal review is undertaken as required.

## **5. Contract Approvals**

- 5.1. Contracts must be signed only by individuals with the appropriate authority, as identified in the College's [Approval Authority Schedule](#).
- 5.2. The Responsibility Centre facilitates the signing of the contract, including the signing of all amendments or renewals.
- 5.3. Any individual who enters into a contract without authority may be subject to disciplinary action and personal liability for resulting obligations.
- 5.4. Services to be performed under any contract are not to commence and payment is not to be provided until the contract terms and conditions are accepted by authorized individuals representing each party of the agreement.

## **6. Contract Performance Management**

- 6.1. The Contract Administrator monitors the performance of a contract from formation to close. This includes:
  - a. Identifying the associated risks and establishing contract goals to manage the risks for each contract.
  - b. Proactively dealing with disputes as they arise. If resolution is not possible and a dispute is likely to escalate, the Responsibility Centre will be notified and the matter will be escalated to Senior Team as required.
  - c. Issuing deficiency notices where appropriate if the contract must be terminated for non-performance or any other reason and take measures to avoid or reduce any risk to the College.
- 6.2. The Contract Administrator may use the performance assessment form provided by Purchasing Services, or a variation of their own form with all pertinent information.
- 6.3. The Contractor and Contract Administrator are to sign performance assessments.
- 6.4. The Contract Administrator provides signed assessments to the Responsibility Centre for follow-up as required and record keeping.

## **7. Delays**

- 7.1. The Contract Administrator is to take progressive action immediately upon identification of a potential delay so that responsibility and consequential costs may be attributed to one or both parties.
- 7.2. The Contract Administrator is responsible for determining the following:
  - a. the impact on delivery or performance
  - b. fault
  - c. duration of delay
  - d. appropriate action required to resolve the problem in conjunction with the Responsibility Centre and as determined by the terms of the contract

## **8. Contract Amendment/Change Orders**

- 8.1. All contract amendments and change orders flow through the Responsibility Centre.
- 8.2. The Contractor Administrator initiates required change orders and ensures that changes to contracts are in writing and signed by both parties who originally signed the contract, or their designate.
- 8.3. Where the change increases the contract value and, thus, requiring an additional signature according to the approval authority thresholds, the Responsibility Centre must obtain the additional approval.
- 8.4. Contract amendments/change orders must include the following information:
  - a. Reference to the original contract/date signed
  - b. Changes and/or responsibilities of each party
  - c. Additional terms and conditions (if applicable)
  - d. Price increase/decrease
  - e. Signatures of both parties

## **9. Contract Close Out**

- 9.1. Once a contract is complete, the Contract Administrator performs the following closeout duties:
  - a. Reporting in conjunction with the Responsibility Centre
  - b. Reviewing administrative issues

- c. Ensuring payments of invoice(s)/receipt of payment
- d. Ensuring all the deliverables have been received or delivered
- e. Ensuring all property has been turned over to the College
- f. Ensuring that the contract file is complete

## **10. Confidentiality**

- 10.1. Employees involved in contract management must not disclose proprietary or confidential information obtained during the contracting process.

## **11. Audit and Records Retention**

- 11.1. The Responsibility Centre retains original contractual agreements and all supporting documentation, as well as any other relevant information for reporting and auditing purposes.

## **Quality Assurance Compliancy**

The Director, Financial Services, is responsible for implementing and monitoring compliance with this procedure and updating it as required.

### Appendix A: Responsibility Centres and Examples of Contract Types

Responsibility Centre	Contract Type Examples
<b>Academics</b>	<ul style="list-style-type: none"> <li>Contract for Teaching (domestic/international)</li> <li>Corporate Training</li> </ul>
<b>Ancillary Operations</b>	<ul style="list-style-type: none"> <li>Revenue Generating (parking, print shop, bookstore, cafeteria and catering services (excluding Student Life Centre)</li> </ul>
<b>Applied Research</b>	<ul style="list-style-type: none"> <li>Research Contracts (generated by external funding)</li> <li>Corporate Training</li> <li>Fee for Service</li> <li>Content Licensing</li> </ul>
<b>Development Office</b>	<ul style="list-style-type: none"> <li>Donor Agreements</li> <li>Gift Agreements</li> </ul>
<b>Finance and Administration</b>	<ul style="list-style-type: none"> <li>Financial Leases</li> <li>Financial Debt/Lending</li> <li>MCU &amp; Provincial/Municipal/Federal Funding</li> <li>Real Property Purchase or Lease Agreements</li> </ul>
<b>Glenn Crombie Centre and NOARC</b>	<ul style="list-style-type: none"> <li>Revenue Generating (vendor tables/events)</li> <li>Revenue Generating Services</li> </ul>
<b>International</b>	<ul style="list-style-type: none"> <li>Agent Contracts</li> <li>Revenue Generating – Inbound or Outbound</li> </ul>
<b>Marketing, Recruitment and Student Success</b>	<ul style="list-style-type: none"> <li>Use of Space</li> <li>Student Placement/Co-Ops</li> </ul>
<b>Procurement and Contract Management</b>	<ul style="list-style-type: none"> <li>Purchase Orders (goods/services)</li> <li>Service Contracts (inc. Revenue Generating Services)</li> <li>Software Contracts</li> </ul>

Responsibility Centre	Contract Type Examples
	<ul style="list-style-type: none"> <li>• Hardware Maintenance Contracts</li> <li>• CCDC Contracts (major construction)</li> <li>• Minor Construction Contracts</li> <li>• Collaborative Procurements</li> <li>• Group Purchasing Organization (GPO) Agreements</li> </ul>
<b>Satellite Campuses</b>	<ul style="list-style-type: none"> <li>• Corporate Training</li> </ul>
<b>Student Life</b>	<ul style="list-style-type: none"> <li>• Revenue Generating (facility/field Rentals)</li> <li>• Vendor Tables (revenue and non-revenue)</li> </ul>