

Policies and Procedures

Effective: 2019-01-01

Next Review: 2022-09-01

Policy 9100: Contract and Other Self-Funding Activities

A. PURPOSE

This policy fulfills the following purposes:

- (1) To define the process of creating a contract to provide a service, including self-funding activities such as receiving grant money to perform a service; and
- (2) To provide clarification on the appropriate uses of the generated surplus and what occurs if a deficit is generated.

B. SCOPE / LIMITS

This policy applies to all departments, schools and divisions of Selkirk College and relates primarily to the instructional and research aspects of the College and not the College's ancillary services.

C. PRINCIPLES

A contract or self-funding activity must be at least cost recovery, for the generation of revenue, or for generating other positive attributes that will benefit the College (i.e. increase full-time-equivalent student numbers, enhance community relations, and other such attributes that align with the College's goals).

D. DEFINITIONS

Contract – An agreement, in writing, between two or more parties intended to create legal obligations and that a court may enforce. The contract will normally be comprised of an exchange of promises between the parties. If a party executes an agreement under seal, it may be bound even though the other party has not given any promise in exchange. A contract may be subject to conditions; that is, the parties' obligations to perform it may be suspended pending the occurrence of certain events, including further approvals, whether by third parties or officials of the parties to the contract whose authority is greater than that of the individuals who signed the contract. In instances of self-funding activities, a contract may outline the services to be provided to a third party and includes the contract fee.

Self-Funding Activity – A project or activity for which full responsibility is assumed. This may be in the form of applying for and receiving a grant from a third party to provide a service.

Direct Costs - Costs that can be directly and easily attributed to a particular self-funded or contract activity. **Institutional Overhead** - the contribution to the College for services rendered that do not directly relate to the activity but are a component of the costs of its successful delivery.

Administrative Support – staffing or human resources required outside of overhead required for facilities and support services

Surplus - Occurs when revenue generated is greater than all related expenses including both direct costs and institutional overhead.

Deficit - Occurs when revenue is less than all related expenses including both direct costs and institutional overhead.

Policies and Procedures

E. COST COMPONENTS OF A CONTRACT FOR SERVICE

Direct Costs

Should include, but are not limited to:

- direct staffing costs specifically related to the activity including administrative support (wages plus 25% benefits)
- travel, meals, and accommodation
- advertising and promotion
- off-campus facility rental
- equipment rental (non-College)
- program supplies, materials, and office supplies
- special fees and licenses
- textbooks and manuals
- catering
- telephone, cell, fax, data, printing
- postage and courier
- program development cost

Any uncertainty regarding the inclusion of particular direct costs should be referred to the Director of Finance.

Institutional Overhead

A minimum percentage (15%) of direct costs will be applied to all contracts. Additional overhead charges may be applied in circumstances where the project has the potential to increase long-term costs to equipment, infrastructure, or capital. If institutional overhead and facility overhead charges cannot be applied to the contract, a discussion with the Vice President, College Services/CFO will need to occur to ensure the contract can be internally supported prior to executing the contract.

Taxes

Taxes will be applied where applicable.

F. SURPLUS AND DEFICIT ALLOCATIONS

During the development of the contract, agreement shall be reached between the College (Vice President, College Services/CFO) and the originating department as to how surpluses will be shared. Factors to consider include but are not limited to:

- The expected amount of the surplus
- The scope and purpose of the contract
- The goals of the originating department in undertaking the contract
- The financial goals of the College

Any deficits incurred by the contract or self-funding activity will be the overall responsibility of the College.

Until the current legislation changes or the Ministry reinterprets the legislation, current year surpluses are not available to be spent in subsequent years.

Policies and Procedures

G. OTHER RELEVANT POLICIES AND DOCUMENTS

9000: Signing Authority

9050: Contracts

9200: Acquisition of Goods and Services

6000: Employee Code of Conduct and Conflict of Interest

Business Case Template

Special Project (Self-Funded) Summary Template

Special Project (Self-Funded) Budget Template

“How to Raise an Account for a Special Project”

PROCEDURE

Contract Preparation

All contract and specific purpose activities will be undertaken in accordance with existing College policies including Policy 9000: Signing Authority, Policy 9050: Contracts, and Policy 9200: Acquisition of Goods and Services.

When drafting contracts, it is important that the language does not expose the College to undue risk or liability. It is equally important that a written contract is produced by one of the parties for the other party to formally sign. No contract may be made on a verbal or handshake basis regardless of the standing of the other party.

When establishing a payment schedule, the timing or payments by the other party must maintain a positive cash flow for the College. All revenue collection will be through an official College invoice; the responsibility of requesting an invoice to be raised by Finance will rest with the originating department or College representative. Reports or other required documentation can be attached to the invoice request.

The legal risk on contract activities may differ from base programs and the originating department will be responsible for consulting the Director, Finance or the Office of the Vice President, College Services to ensure appropriate advice and coverage is obtained on legal and insurance matters.

Policy 6000: Employee Code of Conduct and Conflict of Interest policy applies to all employees involved in self-funded activities.

Contract Review and Approval

All third-party contracts and associated budgets will be developed jointly between the appropriate departments and divisions and should include the Dean, Director or Manager from the proponent area, the Director of Finance or designate and other key staff such as IT Services, etc. The Director of Finance will review the budget and notify the Department of the results of the review within five working days after receipt of the budget and draft contract/letter of agreement. The contract will be approved and signed by the appropriate signing authority per Policy 9000: Signing Authority (see schedule). A signed copy of all contracts and letters of agreement must be filed with the Office of the Vice President, College Services per Policy 9050: Contracts, together with all amendments, extensions and renewals.

Policies and Procedures

Annual Review

On an annual basis the Director of Finance will initiate a review of policies, procedures and costing models related to contract activities to ensure viability, integrity and appropriateness of the process.

Responsibility, Recommendation and Approval Dates

Executive Responsibility: Vice President College Services/CFO

Administrative Responsibility: Deputy of Finance

Recommended by Policy Review Committee: 2019-09-01

Recommended/Approved by Education Council: N/A

Approved by President: 2019-01-01

Linkage to Board Policy: EL-80, EL-90