Contracts Process Improvements

10/28/13
Introduction

- Financial Management Services (FMS) is working on a project to reduce processing time and standardize the process for purchase orders requiring a contract.
- The result:
  - The project team identified an opportunity to improve the processing of new contracts less than $25,000 by switching from a paper model to an electronic model.

This improvement will not require you to do anything differently when submitting a requisition for a contract. It should make the process faster and more consistent.
New Process Summary

Step 1
School/Department Requester
Submits requisition in iProcurement

Step 2
Procurement Contract Advisor
• Reviews requisition*
• Selects appropriate Terms & Conditions
• Approves requisition

Step 3
School/Department Financial Approver
Approves funding for requisition

Step 4
Oracle Financials
Sends purchase order

Step 5
Supplier
Receives purchase order

This improvement will **not** change:
• School/Department requisition input processes
• Procurement processes for contracts $25,000 and over
  • Processes for change orders
  • “Zip Purchasing” processes

*Note: As part of the review, the Contract Advisor will ensure that the following documents are present: proper insurance (if required), proposal/quote, a sufficient scope of work, and a sufficient source and price justification.
Process Change Summary for Suppliers

Suppliers will no longer receive a paper contract signed by both Stanford and the supplier:
- In the past paper contracts were emailed by the Contract Advisor

Paper contract example
Process Change Summary for Suppliers con’t

Electronic Model (new)

- Suppliers now will receive an email with the link to a purchase order; the purchase order contains links to the applicable Terms and Conditions (goods, services or construction)
  - The purchase order with associated Terms and Conditions will serve as the contract between Stanford and the supplier
  - Supplier acceptance of Terms and Conditions occurs upon performance of services under this purchase order

**Email example**

**Purchase order example**
Summary of Terms and Conditions Changes

- **All T&Cs (Goods, Services, Construction):**
  - Conflict of Interest and Insurance provisions updated to be consistent with Stanford policies
  - Stanford’s Sexual Harassment Policy for Contractors added

- **Only Goods T&Cs:**
  - Clarifies payment terms – 30 days from acceptance of valid invoice
  - Eliminates cash discount period
  - [Link to Goods T&C’s](#)

- **Only Services T&Cs:**
  - Effective Dates, Schedule and Location now to be specified in individual PO
  - Acceptance is under T&C terms; performance of any Services equals acceptance
  - Clarifies Stanford can require completion of services upon termination
  - Clarifies compliant insurance required prior to start of Services
  - Requires Services conform to applicable laws
  - [Link to Services T&C’s](#)
Summary of Terms and Conditions Changes

- **Only Construction T&Cs:**
  - Effective Dates and Schedule now to be specified in individual PO
  - Acceptance is under T&C terms; performance of any Services equals acceptance
  - Makes Contracts Documents (bid/proposal, construction drawings, general conditions, etc.) part of PO
  - Includes Design-Build provision
  - New Assurance clause regarding inspection of site and ability to perform
  - Clarifies Stanford can require completion of services upon termination
  - Clarifies compliant insurance required prior to start of Services
  - Requires Services conform to applicable laws, including Labor Code 2810
  - Clarifies Compensation may be paid in Lump Sum
  - [Link to Construction T&C’s](#)
## Benefits

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<tr>
<th>Summary</th>
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<tr>
<td>• Improved processing time for contract purchase orders less than $25,000</td>
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<tr>
<td>• Terms and conditions are directly relevant to the type of purchase order (Goods, Services, Construction)</td>
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<td>• No change to department processes or workload</td>
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Next Steps

- Implement improvement on 11/4/13
- After implementation FMS will examine the turnaround time to establish service targets
Questions

- Questions regarding this improvement can be directed to Stanford’s Financial Support Center (650) 723-2772 finhelp@stanford.edu
- Additional information regarding contracts processes can be found on Stanford’s Fingate site