

administration • reference memo

- keywords
- **SURPLUS DISPOSITION**
 - **ALLOCATIONS**
 - **CONTRACTS - EDUCATIONAL**

DEFINITION

CONTRACTS

9000 Series Cost Centre are assigned to record project by project revenue and expenditure relating to sponsored programs or contracts. Contract activities include services such as research and development and non-instructional services provided by the College for **consulting clients** on a self-sustaining or full-cost recovery basis. A contract is evidenced by a signed agreement between the College and a client defining nature of service, specific timeframe, price, and reporting requirements.

Contract User Pays All Costs - in practice, user pays those costs which are negotiated into the contract:

- Examples:
- YEP - direct costs with predefined ceiling
 - Province of B.C. - direct costs
 - Secretary of State - direct costs and negotiated overhead

College can refuse to enter into contracts which do not conform to our pricing policies.

The College may enter into contracts at various times to provide special courses, research, or services for specific clients. Such contracts must be cost recoverable and must be accounted for separately.

1. The administration of all contracts must be consistent with Federal and Provincial contract award policies.

When permissible, an administrative overhead allowance for the services provided by the Business offices shall be included in the budget.

2. Procedures/Steps for Entering into Contracts
 - a) review of budget proposal with Financial Services
 - b) formal application to offer contract services
3. Procedures/Steps for Finalizing Contracts

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- a) All budget proposals shall be reviewed with Financial Services before submission to the party to be contracted.
- b) All contracts shall normally be signed by the Bursar.
- c) A unique cost centre shall be assigned by Financial Services upon receipt of awarded contract by Financial Services.
- d) During the life of the contract all financial correspondence will be handled by Financial Services Department, including requests for funds, receipt of funds, interim and final statements.

4. Management of Contract Funds, Surpluses and Deficits

Upon completion of the contract commitment, the contract may show:

- a surplus
- a deficit
- a nil balance

The following rules apply:

- a) Surplus
The Dean responsible for the contract cost centre shall be entitled to release any surplus accumulated to:
 - i) cover the deficit of any other contract under his jurisdiction (a FIRST priority on funds available)
 - ii) permit his division to incur a non-recurring or one-time expenditure otherwise unfunded

When the surplus is due to exceptional circumstances or of a windfall nature, either the administrator or the Bursar may initiate a review by the Management Group on how the surplus shall be allocated.

- b) Deficit
It is obviously very undesirable to incur a deficit, however, should unforeseen circumstances cause a deficit, the administrator responsible for the contract has to identify surplus funds from other contracts to offset such deficit.

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Alternatively, the administrator or the Bursar may initiate a review by the Management Group.