## Contracts, Agreements, and Purchasing Procedure Template

**1. Purpose**

To provide a standardized approach for managing contracts, agreements, and purchasing activities, ensuring compliance, value for money, and alignment with organizational policies and objectives.

**2. Scope**

This procedure applies to all contracts, agreements, and purchases initiated or managed by [ORGANIZATION NAME], including vendor contracts, consultant agreements, and procurement of goods and services.

**3. Definitions**

* **Contract**: A legally binding agreement between two or more parties outlining obligations and expectations.
* **Agreement**: Any document outlining mutual commitments, which may or may not carry legal enforceability.
* **Purchasing Threshold**: Predefined monetary limits requiring specific levels of approval.
* **Request for Proposal (RFP)**: A formal request for bids or proposals from vendors for specific goods or services.

**4. Procedure**

**4.1 Vendor Selection and Procurement**

1. For purchases under [INSERT AMOUNT, E.G., $1,000]:
   * Department heads may select vendors without requiring additional quotes.
   * Documentation of the purchase is still required.
2. For purchases between [INSERT AMOUNT, E.G., $1,000–$5,000]:
   * Obtain at least two verbal or written quotes.
   * Submit documentation of quotes and rationale for selection to the finance team.
3. For purchases exceeding [INSERT AMOUNT, E.G., $5,000]:
   * Issue an RFP to a minimum of three vendors.
   * Evaluate proposals based on price, quality, and alignment with organizational needs.
   * Submit recommendations to the CEO or designated authority for approval.

**4.2 Contract Development and Review**

1. All contracts and agreements must include the following:
   * Scope of work, deliverables, and timelines.
   * Payment terms and conditions.
   * Termination clauses and dispute resolution mechanisms.
   * Legal and regulatory compliance statements.
2. Engage the organization’s legal counsel to review contracts exceeding [INSERT AMOUNT, E.G., $10,000] or involving significant liability.
3. Ensure all contracts include signatures from authorized representatives of both parties.

**4.3 Approval Process**

1. Contracts under [INSERT AMOUNT, E.G., $1,000] require approval from the department head.
2. Contracts between [INSERT AMOUNT, E.G., $1,000–$5,000] require approval from the finance team or CEO.
3. Contracts exceeding [INSERT AMOUNT, E.G., $5,000] require board approval.
4. Maintain a record of all approvals and supporting documentation.

**4.4 Purchasing Process**

1. Initiate a purchase requisition form for all purchases.
2. Attach supporting documents, such as vendor quotes or RFP responses.
3. Obtain required approvals based on the purchasing thresholds outlined in Section 4.3.
4. Submit the approved requisition form to the finance team for processing.

**4.5 Record-Keeping and Monitoring**

1. Maintain a centralized repository for all contracts and agreements.
2. Track contract performance and compliance through periodic reviews.
3. Document all purchasing activities, including invoices and receipts, in the accounting system.

**4.6 Renewal and Termination**

1. Notify department heads and vendors of contract renewal or termination deadlines at least [INSERT TIMEFRAME, E.G., 30 DAYS] in advance.
2. Conduct a performance review before renewing any long-term agreements.
3. Follow legal and organizational requirements for contract termination.

**5. Roles and Responsibilities**

* **Department Heads**:
  + Initiate purchases and contracts within their budgets.
  + Ensure compliance with this procedure.
* **Finance Team**:
  + Review purchasing documentation for accuracy and compliance.
  + Process payments and maintain financial records.
* **CEO/Executive Leadership**:
  + Approve high-value contracts and purchases.
  + Oversee compliance and strategic alignment.
* **Board of Directors**:
  + Approve contracts and purchases exceeding specified thresholds.

**6. Review and Revision**

This procedure will be reviewed annually to ensure compliance with legal requirements and alignment with organizational goals.