

## Frequently Asked Contract Questions (FAQs)

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**1. What is a Contract?** A contract is an agreement between two or more parties creating enforceable obligations. It spells out what each party promises to do. Most contracts obligate a party to take some affirmative action, such as provide goods, perform services, or pay money. Occasionally, a contract obligates a party not to do something, such as not hire a competitor or not disclose information. Other contracts do not involve the exchange of money at all, such as a license to use data or a release from liability.

A contract can take many forms, ranging from a detailed written agreement (the preferred form) to a brief verbal exchange (appropriate only when written contracts are not possible). Examples of written contracts that you may come across include preprinted forms (with or without modification) as well as documents labeled "terms and conditions," "purchase orders," "letter agreements," "leases," and "waivers"—basically any document under which the University undertakes an obligation to another party.

A well-drafted, written contract contains the basic information necessary to understand the intent of the parties. Some examples include the names of the parties, the duration of the agreement, the responsibilities and obligations of each party, the terms of payment (if any), the procedure for termination of the agreement, and signature lines for authorized individuals to execute the agreement.

**2. Must all University contracts be in writing?** A good rule of thumb: if you could imagine ramifications to the University arising out of a contract, it should be in writing and comply with University contracting requirements. This means that a written contract is required for many transactions. (Appropriate exceptions include transactions with restaurants to deliver food, transactions using credit cards and transactions for which individuals will submit reimbursement vouchers)

**3. Are there any requirements for University contracts?** Yes. The majority of transactions on behalf of the University involve the purchase of goods and services. The contracting requirements for most purchasing transactions have been developed by the Office of Contracting and Procurement along with the General Counsel's Office and can be accessed by contacting the Contracting & Procurement.

**4. Why is there not one uniform contracting policy for the University?** Contracts vary widely because they can be used for many different types of business. The contracting process at Rowan University is based on policies, processes and systems developed by the University's academic and administrative officers charged with the responsibility for particular types of business transactions. Because University departments have different needs based on factors ranging from the nature and value of their transactions, the customary industry practices for their transactions, and the degree of internal University oversight and review required, their contracting policies may not always be uniform. Nonetheless, many University contracting requirements are similar, and you can learn about the contracting requirements for your transaction by contacting the Office of Contracting and Procurement.

**5. Whom do I contact for help with written contracts?** Before entering a contract or making any commitment (written, verbal or implied), contact the Office of Contracting & Procurement for the type of transaction you are considering to ensure you know the applicable University contracting requirements.

**6. Are there any University-approved standard contracts that I can use?** Yes. Use of the standard contracts are strongly encouraged because they protect the University's interests, and contracts based on them can be reviewed and approved more quickly than a contract supplied by the vendor/other party.

**7. Can I use the other party's contract?** Doing so can be to the University's, as well as your office's or department's, disadvantage. In many instances, the other party's contract will be one-sided, favoring the other party over the University, and may contain terms that either the University cannot accept or are against University policy. Furthermore, many of these documents are standard, one-size-fits-all agreements with boilerplate language that is meaningless for your particular transaction.

The ultimate decision with respect to whether to use another party's contract as a starting point for negotiations rests with the Office of Contracting & Procurement. The document will most likely need to be revised to include provisions and protections required by the University. This will slow down the process because you will have to negotiate terms with the other party.

**8. I have been using a contract form for many years that has worked well for my department. May I continue to use it?** All contracts must comply with University contracting requirements. As long as your form includes appropriate provisions and protections required by the University, it may still be usable; however, that determination will be made by the Senior Director of Contracting & Procurement.

**9. Are there special contract requirements for academic affiliations and collaborations with other institutions?** Yes. All academic affiliations and collaborations must go through the General Counsel's Office.

**10. Where can I learn more about insurance provisions and the University's insurance requirements?** Please see [Risk Management Department's Website](#).