

SIMON FRASER UNIVERSITY
VICE-PRESIDENT, RESEARCH

S.99-52

Memorandum

TO: Dr. Jack P. Blaney
President

FROM: B.P. Clayman
Vice-President, Research

SUBJECT: Draft Policy AD 12-1

DATE: June 14, 1999

I have concluded what I hope is the final draft of a new university policy, Policy AD 12-1 "Service Contracts." It fills a policy vacuum related to the performance of (non-research) work by the University under contract with an outside entity. A copy is enclosed for your consideration and recommendation with respect to adoption by the University.

I believe that I have accommodated the concerns of all parties who responded to my request for reaction to the (seventh) draft dated December 11, 1997 and those raised by persons in the office of the Vice-President, Academic in response to the eighth draft dated February 10, 1999. The seventh draft was circulated to and response solicited from all employee groups and the student society; the draft was also posted on the Vice-President, Research website and its availability advertised. The only comments received were from the offices of the Vice-President, Academic and the Vice-President, Financial Services and Administration.

I will be pleased to discuss this proposal with you, to receive the advice of Senate if it is decided that this policy falls under their purview, and to provide the Board of Governors with any information that they may require in their consideration.



Enclosure

c. Vice-Presidents
Deans
A.J. Watt

Note to Senate:

Following review by SCAR at its meeting of August 31st
this policy is now forwarded to Senate for advice.

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1.0 Policy

In each of the areas of Simon Fraser University's three main missions - teaching, research and service - there are opportunities to enter into contractual relationships with external governmental, commercial, and other non-governmental entities, where these relationships are consistent with the goals and standards of the University. These have the potential to provide revenue to the University, but also expose the University to liability. In all cases, it is essential that there be clear policy in place to guide the formation of such relationships, the use of University resources and the distribution within the University of the proceeds. This will ensure proper recognition of the resources committed by the University and avoidance of unnecessary liability, conflict-of-interest and inappropriate competition with the private sector.

2.0 Principles

This Policy applies to all contractual relationships that commit the University to provide services other than research; it does not apply to non-disclosure agreements or material transfer agreements. These services include, but are not limited to, teaching services, analytical services and administrative services. It includes contracts that involve joint ventures with other organizations to provide such services. It does not include credit or non-credit teaching services provided through SFU Continuing Studies or conferences organized through SFU Conference Services. Policy R10.01 governs research contracts and grants.

The University is the only legal entity that has the ability to enter into contractual relationships with other legal entities to provide services that involve its resources. Individuals, Departments, Faculties, Institutes and Centres do not have that ability, although specific administrators within them may be delegated the authority by the Board of Governors to conclude such relationships on behalf of the University, if these are in compliance with relevant Board Policies including this one. In addition, wholly-owned subsidiaries of the University like SF Univentures may enter into contractual relationships that may involve use of the University name and/or trademarks, with the authorization of appropriate University administrators.

Coordination of the provision of services is required in order to prevent duplication and other inefficiencies. It is the responsibility of the person with the authority to conclude a contract to ensure that adequate consultation has occurred within the University.

Contracts for secret work are strictly forbidden and will under no circumstances be approved for administration by the University.

Service contracts must contain budgets that recognize all the direct and indirect costs of performing the work and all sources of income.

This Policy applies to those activities which involve use of Simon Fraser University facilities,

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resources, or services and does not apply to services, research or other activities performed by University employees under personal contract, wholly outside the University. (see Policy A30.04 - "Disclosure and Approval of Outside Activities").

3.0 Definitions

Contract - a legally enforceable agreement which may include conditions setting forth specific terms governing the conduct, direction and scheduling of the tasks to be performed; designating ownership of proprietary rights to the results; laying out the financial regimen to be followed; and other restrictions required by the Sponsor. There is the normal expectation of some deliverable(s) flowing to the Sponsor.

Sponsor - the external party that provides funds for the performance of services under a contract.

Principal - a person authorized to perform work under the contract, who is responsible for the project. The Principal must be an employee of the University whose term of appointment is expected to span the term of the contract.

University Resources - these include but are not limited to: office and laboratory space, teaching and research equipment, facilities and services such as the Library, University computing network and systems, the Animal Care Facility and the Instructional Media Centre.

International Activities - these include but are not limited to activities that involve provision of services outside Canada, or involve a partner organization outside of Canada, or involve provision of services to individuals and/or organizations from outside of Canada.

4.0 Procedures

A proposal to enter into a service contract may be initiated by any employee of the University. Approvals to pursue the proposal further must be obtained from that person's immediate supervisor and all his/her supervisors up to the level of the person with the authority to approve the final contract on behalf of the University. This authority is specified, with respect to the dollar amount of the contract, by the Signing Resolutions of the SFU Board of Governors. These are described in Appendix A to this Policy and may be changed from time-to-time by action of the Board of Governors. In addition, when proposals include international activities, the proposal must be submitted to the SFU Senate Committee on International Activities (SCIA) for review and must receive the approval of the Vice-President, Academic. Refer to SFU Policy GP-23 - "University Policy on International Activities." Any disagreement over whether the work under the contract comprises research or service will be resolved jointly by the Vice-President, Academic and the Vice-President, Research; if this is not possible, the question will be referred for resolution to the President.

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In order to receive final approval, the final form of a service contract must receive the approvals of all the persons mentioned in the preceding paragraph. Appendix H to this Policy is the Final Approval Form. To receive final approval, it must normally satisfy all the following criteria:

1. There must be a clear statement of the work to be performed, including deliverables and the schedule on which these must be provided;
2. There must be an itemized budget containing all sources of income for the project and all areas of expenditure. Explicit recognition of all the costs, both direct and indirect, must be included under "expenses." In specific cases, for specific reasons, some of these costs may be contributed by the University; in these cases, specific recognition of such contributions must be included under "income;" sample budgets are available through the office of the Vice-President, Academic;
3. There must be a schedule of payments, including the criteria for payment (e.g. milestones; reports) and means of initiating payment (e.g. prepayment, invoices);
4. There must be a clear description of reporting requirements, both financial and with respect to the performance of the work, which includes specification of the person or unit responsible for generating and transmitting the reports - if Financial Services would be required to generate or file reports, their approval of the terms of the contract must be obtained;
5. There must be provision in the contract for recognition of the indirect costs (overhead costs) of providing the services indicated at rates that are consistent with those given below under Guidelines;
6. There must be specification of the term of the contract and the period during which the work will be performed - these may differ;
7. There must be provision for early termination of the contract that clearly specifies the conditions under which this may occur and the consequences for all parties;
8. There must be provision for modifications to be made to the contract, preferably without reconsideration of the entire contract;
9. Normally persons employed under the contract will be University employees. In exceptional circumstances, other arrangements may be appropriate. To determine the appropriate procedures to follow, the Principal should contact Human Resources prior to signing of the proposed contract. For persons employed under contract as employees of the Principal, refer to Appendices C and D to this Policy for sample employment letters and Appendix E for a statement of the responsibilities and obligations of the Principal as an employer;
10. There must be provision for the disposition of intellectual property (IP) created in the course of performing the contract;
11. There must be provision for the handling of any pre-existing IP provided by the University and/or Sponsor during the course of performing the contract;
12. There must be provision for monitoring the performance under the contract, both on the part of the Principal and on the part of the Sponsor;
13. The contract must not expose the University to unacceptable levels of risk or liability, including risk of non-payment for services rendered;
14. The contract must be consistent with all pertinent external legislation (e.g. taxation and Freedom of Information/Protection of Privacy) and internal agreements (e.g. agreements

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- between the University and its employee groups);
15. The contract must be consistent with all other relevant University Policies including but not limited to those on Conflict of Interest, Faculty Responsibilities, Freedom of Information/Protection of Privacy, Animal Care, Research Involving Human Subjects, Radiological Safety, Biosafety, Diving Safety, Intellectual Property (patent and copyright), International Activities, and the use of the University's Trade-Marks. Note that several of the above-mentioned Policies mandate review and prior approval by other University Committees;
 16. In cases where joint ventures are proposed, there are the additional requirements for: a) a business plan, b) staffing plans, and c) a clear description of equity contributions by the University, if any, and their size and source. In addition, there must be indication that consultation has occurred adequate to assure that there is no duplication of effort within the University and an indication of the schedule on which approvals of Senate and the Board of Governors would be sought (if required) or a statement to the effect that such approvals are not required;
 17. Contracts involving international activities must contain an explicit agreement by the signatories to comply with the Policy on International Activities. The Office of International Cooperation should be consulted on the appropriate procedures to follow;
 18. Under the contract, all cheques for payments received under the contract must be forwarded, along with appropriate backup identifying the contract and account number, to Financial Services for deposit.

In addition, there must be separate, explicit agreements within the University on:

1. provision of any University resources, including equipment and space; approval of these agreements must be given by the parties responsible for the specific resources; and
2. distribution within the University of funds or other assets received by the University, above the direct and indirect costs of performing the work.

Contracts involving Research Centres and Institutes established under SFU Policy R40.01 must receive approval of their Administrative Officer in addition to the other persons described in the first paragraph of this section.

A checklist of contract terms and conditions is provided in Appendix B to this Policy for the guidance of persons proposing contracts.

Work under a proposed contract must not commence until the contract receives final approval by the sponsor and by the University, as described above. The only exception to this is when an explicit, firm commitment to cover all costs and liabilities associated with an earlier start is made by the person with the authority to approve the final contract on behalf of the University, as described in the first paragraph of this section. In such a case, a copy of the current draft contract, including budget, reporting and billing requirements, the account to which expenses will be charged if the contract is not approved ("back-up account") and a Pre-Approval Financial Guarantee Form (copy attached as Appendix F) must be sent to Financial Services for review. If

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the draft contract appears to contain reasonable financial terms, Financial Services will set up a new account and expenses may be charged to that account. This preliminary approval will not imply approval of the terms of the final form of the contract. Financial Services may set a time limit within which the contract must be finalized. Note that the final contract may contain a date of commitment which could restrict the period within which expenses can be incurred. In this case, the contract account may not normally be charged for work done prior to the start date and the back-up account would be charged any such expenses.

5.0 Contract Terms

Direct costs include the value of the time of SFU employees and/or the cost of replacing these employees, as appropriate. The budget of the contract should include explicit reference to these costs and to all other direct costs such as space rental, provision of managerial services, equipment maintenance and materials and supplies.

Normally, overhead rates will be set at 40% of total direct costs for on-campus work and at 20% of total direct costs for off-campus work. Overhead on contracts that involve a combination of on-campus and off-campus work will be set at a rate that reflects their relative proportions. Direct costs include the full value of the time of SFU employees (salary and benefits) and/or the full cost of replacing these employees, as appropriate.

Overhead may be reduced from the levels indicated above in consideration of other tangible benefits accruing to the University such as equity-holding or revenue-sharing agreements, or intangible benefits such as increased community profile. As noted above, such reduction in overhead comprises a contribution by the University and should be so recognized under both the revenue and cost sections of the contract budget.

The person with authority to approve the service contract on behalf of the University has the authority to negotiate with the external agency the terms of the contract, including payment schedules, reporting schedules and the amount of overhead charged. Authority to negotiate (but not to approve the contract) may be delegated. Unless other arrangements are made in advance with the responsible Vice-President, that person, in approving a contract on behalf of the University, assumes full financial responsibility through his/her office for assuring that overhead payments are adequate to cover the indirect costs, and for the University's liabilities from such factors as patent or copyright infringement and non-performance - including non-payment - on the part of the external agency. For this reason, it is required that all contracts be vetted by Financial Services prior to conclusion.

In cases where different units within the University are capable of providing the same or similar services, it is the responsibility of the person with the authority to approve a contract to make certain that adequate consultation has occurred within the University to ensure that the provision of the services under the contract is as efficient as reasonably possible and that duplication of effort is minimized.

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With the exception of contracts that have a University-wide impact, all overheads realized from service contracts normally will be divided equally between General University Revenue and the initiating Faculty or equivalent unit; exceptions to this method of division require approval of the President. Contracts that have a University-wide impact will be reviewed by the Vice-President, Academic and the Vice-President, Finance and Administrative Services to determine the disposition of overheads, prior to final approval of the contract.

In cases of contracts involving foreign or other unusual settings, contract terms should take into account the specific cultures or modes of conducting business in those settings. Because there are additional costs normally associated with identifying, developing and delivering international activities, overhead rates are expected to be higher for international service contracts than for domestic ones. Guidelines for the financial conduct of international service contracts are contained in Appendix G to this Policy.

Contracts for secret work will not be approved for administration by the University. Results of all work undertaken in the University shall be fully publishable at the discretion of the Principal, subject to the qualification that a Sponsor may be given the right under the terms of a contract to publish research results of the work or approve such publication in advance. However, the Principal shall be completely free to publish after a maximum of 12 months from termination of the project or submission of the final report, whichever is later.

6.0 Payments to University Employees

Payments to Principals who are continuing University employees from contract funds are governed by Policy AD3-11 "Employee/Independent Contractor Policy." Such payments normally will be withheld until the contract is successfully completed, all terms fulfilled and all payments received from the Sponsor. In the case of long-term contracts, partial payments may be made prior to completion of the contract at the discretion of the Department Chair and Faculty Dean (or equivalents for other employees).

7.0 Reporting

Copies of all contracts must be lodged with the responsible Vice-President and with Financial Services immediately on signing of the contract. In addition, for contracts involving international activities, a copy must be provided to the Office of International Cooperation.

8.0 Appendices

The appendices to this policy comprise guidance to persons proposing service contracts and may be altered by the responsible Vice-President without the necessity of approval by the Board of Governors of Simon Fraser University.

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9.0 Interpretation

Questions of interpretation and application of this Policy or its procedures shall be referred to the President, whose decision shall be final.

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Appendix A

**LEVEL OF AUTHORIZATION REQUIRED TO APPROVE
SERVICE CONTRACTS**

The level of authorization required to approve service contracts on behalf of the University is determined under the Simon Fraser University Board of Governors Signing Authority Summary, approved by the Board on April 15, 1993. Full documentation is available from the Secretary to the Board; a brief synopsis follows:

Total Amount of the Contract	Signing Authority
\$50,000 or less	Dean
Between \$50,001 and \$500,000	Vice-President, Academic, or in the absence of the Vice-President, Academic, by the Associate Vice-President, Academic
Between \$500,001 and \$1,000,000	Vice-President, Academic, or in the absence of the Vice-President, Academic, by the Associate Vice-President, Academic and either the Vice-President, Financial Services and Administration, or the President
More than \$1,000,000	Board of Governors

In cases where the work under a service contract is to be performed by a unit that does not report to the Vice-President, Academic, refer to the Board of Governors Signing Authority Summary for the appropriate level of authorization to approve the contract.

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Appendix B

CHECKLIST FOR SERVICE CONTRACTS

- Identify parties in the legal agreement: SFU & Funding Source.
- Identify term of contract - start date and end date.
- Review budget for:
 - amount to be paid by funding agency;
 - method of calculation;
 - overhead;
 - use of funds (restrictions on line items vs. bottom line budget control); GST implications;
 - carry-forward provisions;
 - payment, if any, to Principal;
 - payment to sub-contractor(s), if any;
 - operating fund budget implications, if any.
- Review ownership of fixed assets purchased under the contract.
- Review payment arrangements:
 - installments;
 - billing requirements;
 - payment schedule (timing and frequency);
 - whether payment is contingent on deliverables, financial reports and/or progress reports;
 - acknowledgement of receipt of funds;
 - holdbacks;
 - disposition of any unspent balance.
- Review reporting requirements:
 - responsibility for reporting;
 - timing and frequency of reporting;
 - degree of detail and work involved (efforts should be concentrated on reducing complex reporting; any requirement to submit copies of supporting invoices and vouchers should be strongly resisted).
- Review intellectual property (IP) requirements:
 - Confidentiality and/or restrictions on publication (secret work is not permitted);
 - Ownership of resultant IP.

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- Review audit requirements:
 - length of time that documents are required to be kept after completion of contract
 - imposition of other particular auditing requirements.
- Review responsibility of reporting on in-kind contributions.
- Evaluate financial risk factors:
 - type of contract (e.g. sub-contract that may pose liability after termination of main contract);
 - financial stability (history and current) of the company;
 - experience with the company or funding agency by the University and other organizations.
- Review termination clause:
 - right of the University to terminate the contract;
 - right to terminate with reimbursement of all expenses incurred.
- Review potential for limiting the University's liability.
- Review potential conflicts of interest (e.g. Principal also has an interest in the contracting party).
- Completion of the Final Approval Form - Appendix H to this Policy – including provision of a complete copy of the final version of the contract.

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Appendix C

SAMPLE EMPLOYMENT LETTER
SHORT-TERM SERVICE CONTRACT PERSONNEL

PERSONAL AND CONFIDENTIAL

Date: _____

Dear _____,

This is to confirm my offer to you of temporary employment as a _____
from _____ to _____ at a rate of \$ _____ hourly.
Termination of this contract of employment may be initiated by either party giving one (1) week
notice, except in the case of termination for cause.

This contract of employment exists solely between myself as a recipient of Service Contract
funds (Service Contract Principal) and yourself (Contract Employee). In no manner or form does
this employment relationship extend to or affect Simon Fraser University in any way.

Statutory Benefits:

You are covered by: Canada Pension Plan
 Employment Insurance
 Workers' Compensation
 Employment Standard Act benefits, such as statutory holidays.

Vacation: Four (4) percent (equivalent to 10 days vacation per
 annum) will be automatically added to the above hourly rate in each bi-
 weekly pay period.

Hours of work: The employment relationship is one of engaging you for the performance
 of specific services. Hence, there will be a great deal of flexibility
 exercised in the time and place of the performance of these services, but I
 expect these hours normally not to exceed 40 hours per week.

Unless otherwise specifically stated in writing, the conditions of employment will be in

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accordance with the requirements set out in the Employment Standards Act and Regulations. You may wish to consult the terms of the Act and Regulations, including the complaint process outlined in Part 15 of the Act. Information regarding the Act can be found at the following Web site: <http://www.labour.gov.bc.ca/esb/chapter/>

If you accept these terms of employment, please sign and return the enclosed copy of this letter, retaining the original for your records.

Yours truly,

(Service Contract Principal)

I agree to the conditions of employment as set out above.

Signature of Contract Employee

Date

- c. Chair
Departmental Assistant
Benefits Section, Human Resources
Specific Purposes Section, Financial Services

Note to Service Contract Principal: If the offer is being made to a person who is not a Canadian Citizen nor a Permanent Resident of Canada, please refer to Clause 2.3 of the procedures of Policy R50.02.

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Appendix D

SAMPLE EMPLOYMENT LETTER
POTENTIAL LONG- TERM SERVICE CONTRACT PERSONNEL

PERSONAL AND CONFIDENTIAL

Date: _____

Dear _____,

This is to confirm my offer to you of temporary employment as a _____ effective from _____ to _____ at a salary of \$ _____ annually (this will be paid biweekly), which is inclusive of vacation pay at 4%. Additional employment may be available from time to time after the above date, but will be subject to the satisfactory performance of all requirements and/or the availability of Service Contract funds. Termination of this contract of employment may be initiated by either party giving two (2) weeks notice, except in the case of termination for cause.

This contract of employment exists solely between myself as a recipient of Service Contract funds (Service Contract Principal) and yourself (Contract Employee). In no manner or form does this employment relationship extend to or affect Simon Fraser University in any way.

Statutory Benefits:

You are covered by: Canada Pension, Unemployment Insurance, Workers' Compensation Employment Standard Act benefits such as statutory holidays.

Vacation: As indicated above

Hours of work: The employment relationship is one of engaging you for the performance of specific services. Hence, there will be a great deal of flexibility exercised in the time and place of the performance of these services, but I expect these hours normally not to exceed 40 hours per week.

Optional Benefits:¹

	<u>Employee's Share</u>	<u>Service Contract Share</u>
Basic Health & Hospital Insurance	_____	_____
Extended Health	_____	_____

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Homeowners'/Tenants'
Insurance

Dental Plan
(eligible after one year of continuous service)

Unless otherwise specifically stated in writing, the conditions of employment will be in accordance with the requirements set out in the Employment Standards Act and Regulations. You may wish to consult the terms of the Act and Regulations, including the complaint process outlined in Part 15 of the Act. Information regarding the Act can be found at the following Web site: <http://www.labour.gov.bc.ca/esb/chapter/>

If you accept these terms of employment, please sign and return the enclosed a copy of this letter, retaining the original for your records.

Yours truly,

(Service Contract Principal)

I agree to the conditions of employment as set out above.

Signature of Contract Employee

Date

- c. Chair
Departmental Assistant
Benefits Section, Human Resources
Specific Purpose Section, Financial Services

Note to Service Contract Principal: If the offer is being made to a person who is neither a Canadian Citizen nor a Permanent Resident of Canada, please refer to Clause 2.3 of the procedures of Policy R50.02.

¹These examples of optional benefits are not obligatory and are obviously at a cost to the Service Contract Principal.

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Appendix E

STATEMENTS OF RESPONSIBILITIES

RESPONSIBILITIES OF THE PRINCIPAL TOWARD PERSONS FUNDED THROUGH A SERVICE CONTRACT (HEREIN CALLED "CONTRACT EMPLOYEES"), AS EMPLOYEES OF THE PRINCIPAL

With respect to the employment of contract employees, Principals shall exercise the following responsibilities:

- (a) The Principal shall determine whether or not the services of a contract employee are required.
- (b) The Principal shall determine whether or not sufficient service contract funds are available to permit the payment of wages and benefits to a contract employee.
- (c) The Principal shall classify the contract employee's position and rate of reimbursement in accordance with the terms established in the service contract. Where no such terms are stipulated, the Principal is encouraged to ensure that contract employees receive reimbursement and benefits appropriate to the tasks assigned.
- (d) Subject to any conditions established by the funding agency, the Principal shall exercise sole discretion over the decision to hire a contract employee.
- (e) The Principal shall forward a copy of the contract employee's appointment letter to the appropriate Academic Department, to Human Resources, and to the Financial Services, Specific Purpose Section. The Principal shall also forward a completed form FPP4 (Appointment Form, Research Service contracts) to the Financial Services, Specific Purpose Section. Such a requirement is necessary in order to enable the University to perform administrative and custodial services on the Principal's behalf.
- (f) It shall be the Principal's responsibility to authorize payment of contract employee wages from the service contract funds.
- (g) Subject to any limits established by the service contract or contract, the Principal's decision shall be final regarding a contract employee's pay scale adjustment, benefits, wage increase or merit increase.
- (h) The Principal shall comply with all statutory obligations of the employer, including the obligation to provide statutory benefits.

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- (i) Together with the contract employee, the Principal shall determine whether or not a contract employee shall be given access to a non-statutory benefits program administered on behalf of the Principal by the University. A decision to provide access shall be subject to the condition that the employer's share of the optional benefits program is available, and shall be paid from service contract funds.
- (j) The Principal shall exercise sole control and direction over the assignment of duties and the work performed by a contract employee.
- (k) The Principal shall exercise sole discretion over the decision to terminate the employment of a contract employee.

STATEMENT OF RESPONSIBILITIES OF THE UNIVERSITY

With respect to Principals employing personnel who are engaged under service contracts or contracts, the University shall exercise the following responsibilities:

- (a) The University shall provide custodial and administrative services for the receipt and disbursement of service contract funds.
- (b) Upon request, Human Resources shall assist Principals to determine appropriate wage scales for contract employees, and will provide recruitment, interviewing, and candidate selection services. Human Resources shall also assist Principals by making available sample Appointment Letters.
- (c) On Principal's behalf, the University shall maintain employment records for contract employees.
- (d) The University shall advise Principals regarding their statutory obligations as employers.
- (e) With respect to both statutory and non-statutory employee benefits, the Principal may consult with Human Resources and Financial Services.
- (f) Upon request from the Principal, and with the agreement of the contract employees, the University shall provide access to a non-statutory benefits program, subject to the condition that the employer's share of the optional benefits program is paid from service contract funds.

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Appendix F

PRE-APPROVAL FINANCIAL GUARANTEE FORM

Guarantee of costs and liabilities preceding final contract approval on service contracts (non-research) as per policy AD12-1.

To request a project number to be assigned for a contract prior to the final approval of that contract, this form is to be submitted to the Special Purpose Fund section in Financial Services along with a copy of the draft contract. The draft contract should include information on the contract budget, reporting and billing requirements. Note that the final contract may contain a date of commitment which could restrict the period within which expenses can be incurred. In this case, the contract account may not normally be charged for work done prior to the start date and the backup account would be charged any such expenses.

In regard to the following contract,

SPONSOR _____

PRINCIPAL _____

EXPECTED CONTRACT AMOUNT \$ _____

I hereby authorize any costs or liabilities incurred with respect to the above contract to be charged to the account ____ - ____ - ____ in the event that the contract is not approved and signed on or before _____ or that the pre-contract costs or liabilities are deemed to be ineligible for reimbursement under the final contract. These pre-contract costs or liabilities are not to exceed \$ _____.

Guarantor Name _____ Position _____

Signature

Date

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Appendix G

GUIDELINES FOR THE FINANCIAL CONDUCT OF INTERNATIONAL SERVICE CONTRACTS

In general, the procedures and contract terms detailed in Policy AD 12-1 are appropriate and applicable to international as well as domestic activities. However, there are certain characteristics of international activities, including their cost, that require some special arrangements.

While the following guidelines apply to international activities, it is also recognized that exceptions should be considered on their merit.

Overhead Recovery

Unless otherwise established by the client, donor, or funding agency, and agreed to by the University, recovery of indirect or overhead costs shall be equivalent to at least 50 percent of total personnel costs (i.e. actual salaries plus benefits).

Fifty percent of recoveries for indirect costs shall be payable to General University Requirements (GUR), with the remaining 50 percent returned to the Dean of the Faculty or unit in which the initiative is located. In cases where the initiating unit does not report to a Dean, the division of indirect cost recoveries will be negotiated with the Vice-President, Finance and Administration. When faculty or staff participate in projects fully funded by external sources, their Faculty or home unit shall receive a compensatory financial incentive amounting to no less than full salary replacement. Compensation for the cost of benefits shall be payable to GUR.

Special Cases

Without limiting the general applicability of the above, there are a number of special cases that fall outside conventional project-based activities that require special incentive arrangements. These include education and training programs that derive their revenues exclusively from fee-based services and the export of credit and non-credit instruction or courseware.

Fee-Based Services

- (a) All services that generate their principal revenues from client fees shall be required to recapture their own direct costs, including contract staff salaries and benefits, communications, administration, and facilities rental.
- (b) The University shall be compensated for the indirect costs of administering financial, personnel, and associated services at a rate to be determined through negotiation with the Vice-President, Finance and Administration.
- (c) "Profits," defined in this instance as revenues remaining after deductions for direct and

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indirect costs are made, shall normally be divided one-third to GUR and two-thirds to the Dean of the unit in which the initiative is housed or, in the absence of a reporting relationship to a Dean, to the Vice-President, Finance and Administration, who shall negotiate its distribution. The Vice-President, Academic has the sole authority to approve deviations from this distribution.

- (d) Where fee-based services are provided by one unit within the University to support projects or programs initiated elsewhere in the institution, the unit providing the training shall receive the full amount of the training fees paid by the client for that particular program or service.
- (e) No "finder's fee" is to be charged for identifying opportunities taken up by another unit within the University.

International Sale of Distance Education Courses

Revenues from the international sale of distance education courses shall be allocated in two ways:

- (a) An amount consistent with the University Copyright Policy (R30.01) will be paid to the course creator.
- (b) The remaining revenues shall be applied to new program and course development in distance education, and to course re-development and revision.

Individuals Employed to Deliver International Services

- (a) No individual, on contract or engaged through direct employment with the University, shall normally receive financial benefit from participation in the University's international activities beyond their negotiated levels of remuneration.
- (b) Exceptions may be permitted for faculty at the discretion of the unit head and the Faculty Dean, and all such exceptions shall be consistent with University policy AD 3-11, Employee/Independent Contractor Policy.
- (c) Exceptions for staff or consultants shall require the same approvals as in the case of faculty except where there is no reporting relationship to a Dean. In such cases, approval from the Vice-President, Finance and Administration, shall be required.
- (d) Activities delivered in the name of Simon Fraser University are not to be structured in such a way that substantive components are contracted separately to individuals (or firms), with the University having little or no effective control over quality of work, and with a resulting financial return to the University that is insufficient relative to the responsibilities and risk borne by the University.

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Appendix H

FINAL APPROVAL FORM FOR SERVICE CONTRACTS

According to the University's Policy on Service Contracts, AD 12-1, a proposal to enter into a service contract may be initiated by any employee of the University (the "Principal"). Approvals to enter into the contract must be obtained from the Principal's immediate supervisor and all his/her supervisors up to the level of the person with the authority to approve the contract on behalf of the University. Please refer to Section III of this form for descriptions of the responsibilities of the signatories.

This form is to be used in obtaining the approvals required under AD 12-1. Before submitting this form the Principal must:

- (i) attach a copy of the proposed contract, including a detailed project budget;
- (ii) attach a note indicating who must sign this form;
- (iii) complete Section I; and
- (iv) sign where indicated in Section II.

The completed form and attachments should be retained by the University signing officer. A copy of the completed form should be forwarded to the Principal.

SECTION I

Name of Principal: _____

Department/School/Office: _____

Name of Sponsor: _____

Project Title: _____

Dollar Amount of Contract: _____

Term of Contract: _____

SECTION II follows

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SECTION II

In signing this form I acknowledge that I have read the statement of responsibilities in Section III and agree with the statement pertaining to my signature.

Principal: _____ Date: _____
Chair or Director of School/Office: _____ Date: _____
Admin. Officer of Centre/Institute (if applicable): _____ Date: _____
Dean of Faculty: _____ Date: _____
Other approvals: _____ Date: _____
Other approvals: _____ Date: _____

SECTION III

Principal The signature of the Principal indicates that he/she:

- (i) has disclosed to his/her supervisor any interest he/she may have in the Sponsor, as well as any and all contractual arrangements, whether oral or written, which are connected in any way with the contract;
- (ii) has, if applicable, contacted Human Resources to determine the appropriate employment status and procedures to be followed for those project participants, if any, employed by the University under the contract;
- (iii) will carry out the work and comply with all terms and conditions as stated in the contract;
- (iv) will, if applicable, ensure that all project participants, if any, are aware of and have agreed to the terms and conditions of the contract;
- (v) will send to the University signing officer copies of covering letters accompanying project reports, and copies of correspondence which may affect the administration of the contract;
- (vi) will authorize expenditures in accordance with the project budget and the normal procedures of the University, and will be responsible for all invoicing and financial reporting to the Sponsor;
- (vii) will make arrangements for payment of any over-expenditure should the overall budget of a contract be exceeded;
- (viii) will inform Financial Services as soon as the work under the contract is completed;
- (ix) will comply with all University policies in carrying out the work under the contract, including, if applicable, the Policy of International Activities; and

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- (x) will forthwith execute and deliver any documents required to carry out the true intent and meaning of the contract.

Chair or Director of School/Office (or designate)

The signature of the chair of a department or director of a school or office indicates the availability in the department, school or office of facilities, space, and resources required to carry out the project and acknowledges the proposed time commitment by the Principal to the project.

Administrative Officer of Centre/Institute (or designate)

The signature of the administrative officer of the centre or institute indicates the availability in the centre or institute of facilities, space, and resources required to carry out the project.

Dean of the Faculty (or designate)

The signature of the Dean of the Faculty indicates his/her approval regarding allocation of space and/or resources within the Faculty for performance of the project. The responsibilities of the Dean in cases where he/she is person with the authority to approve the contract on behalf the University are described in the main body of this Policy on Service Contracts, AD 12-1.