Additional Insured

*In US insurance policies, an additional insured is a person or organization that enjoys the benefits of being insured under an insurance policy, in addition to whoever originally purchased the insurance policy.*

Affiliation Agreement

*An agreement between WMU and an institution or group of institutions, through which the party(ies) agree to provide some portion of one or more educational programs (i.e. degrees, certificates, or experience offered for academic credit).*

Amendment

*A document used to modify the terms of an existing contract document.*

Arbitration or Binding Arbitration

*Using a third-party arbitrator to settle a dispute. More formal than mediation, but less formal than litigation. Binding Arbitration means the decision cannot be appealed or litigated.*

Authority to Sign

*Individuals to whom the Board of Trustees has delegated authority to sign on its behalf. This is different from budget authority.*

Backdating

*Saying an agreement is effective prior to the date on which it was signed. Should be avoided. Not illegal if you are not trying to falsify something, but can complicate subsequent interpretation.*

Bid

*Solicitation of offers from prospective suppliers on a specific good or service the University is looking to purchase.*

Bid Bond

*Bid Bonds are required on construction or maintenance project bids $100,000 or larger and are normally required in the amount of 5% of the supplier’s bid. A bid bond serves as a guarantee that the contractor who wins the bid will honor the terms of the bid. If the contractor fails to honor the terms of the bid, the next low qualified bidder may be contracted. A bid bond compensates WMU for the cost difference between the initial contractor’s bid and the next lowest bid.*

Blanket Purchase Order

*Purchase of good or services that are delivered or rendered over time versus all at once. The University typically issues blanket purchases as a vendor contract.*

Certificate of Insurance (COI)

*Document that sets out specific insurance coverage.*

Change Order

*Add, removal or modification to the scope of an existing order, presumably a vendor contract or purchase order. Typically, this is associated with an increase or decrease in the original value of the agreement.*

Choice of Law Provisions

*The state or legal jurisdiction whose laws will govern the contract. Also will include references to dispute resolution occurring in a particular state or city.*

Click-Through Agreement

*On-line contract that requires the user to click “agree” or “accept” (or something similar) in order to use the service; does not allow for negotiation of terms.*

Conflict of Interest

*See the policy. https://wmich.edu/policies/conflict-interest.*

Contract

*Offer + acceptance + consideration = contract; a meeting of the minds with regard to what is needed, what will be provided, and what will be given in exchange.*

EIN Number

*Employee Identification Number – a unique 9-digit number assigned to business entities for tax purposes by the IRS; similar to a social security number for individuals.*

EIT Accessibility

*Part of the Rehabilitation Act of 1973, this Electronic and Information Technology policy allows access to and use of information by persons with disabilities.*

End User Licensing Agreement (EULA)

*A legal contract between a software application author or publisher and the user of that application. The EULA, often referred to as the "software license," is similar to a rental agreement; the user agrees to pay for the privilege of using the software, and promises the software author or publisher to comply with all restrictions stated in the EULA.*

Errors and Omissions

*Wrongful acts that include any alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty arising while acting in good faith during performance of duties*.

Errors and Omissions Insurance

*An insurance form that protects the insured against liability for committing an error or omission in performance of professional duties*.

Evidence Holder (or Certificate Holder)

*The entity that is provided a certificate of insurance as evidence of the insurance maintained by another entity. In standard certificate forms, the evidence holder is usually listed in the space provided for that purpose.*

ExWorks (From the Factory)

*Seller’s delivery is complete and risk of loss passes to buyer when goods are made available to the buyer at a location of the seller’s choice; does not require goods to be loaded on to carrier vehicle.*

FCA [destination] (Incoterms)

*Seller must clear goods for export and deliver them to buyer’s chosen carrier; risk of loss passes to buyer when seller delivers goods to carrier; modern version of FOB.*

FOB (Free On Board)

*Seller’s responsibility to buyer ends once the goods are delivered to the means of conveyance (air, sea, rail); risk of loss passes to buyer upon seller’s delivery to the carrier.*

Freedom of Information Act (FOIA)

*State or federal. As a public university, WMU must comply with FOIA requests for information, including contracts and other supporting documents.*

General Conditions

*Conditions under which the Contractor is to follow while working at or with the University.*

General Liability

*Occurrences that result in bodily injury, personal injury, and/or property damaged to others.*

Honorarium

*A gratuitous payment given for professional services on which fees are not legally or traditionally required as an expression of thanks. Honoraria are taxable income.*

Indemnify or Indemnification

*To reimburse the other party to the contract for harm you or a third party caused. the conditions under which one party is obligated to pay for a loss incurred by the other party because of a claim for loss filed by a person who is not a party to this Agreement.*

Incoterms

*Set of rules that define the responsibilities of sellers and buyers for the delivery of goods under sales contracts.*

Independent Contract

*A contract between the university and a person, business, or corporation that lists out specific duties, pay, and type of work to be done.*

Independent Contractor

*A person, business, or corporation that provides specific goods or services to the university under terms specified in the independent contract.*

Invoice

*Document issued by the seller, or provider, of a good or service to the University that outlines the amount due for said goods and services.*

Insurance

*Means of protection from financial loss; a form of risk management to hedge against the risk of an uncertain loss.*

Jurisdiction

*The county, state, or country in which a dispute over the contract will be litigated. Often referred to “choice of law” in contracts. For WMU, it should either be Michigan or be silent.*

Labor/Material Bond

*Bonds required on construction or maintenance project bids $100,000 or larger and are normally required to be 100% of the supplier’s total bid. Labor, material bonds are issued with and for the same amount as performance bonds to ensure payment for equipment, labor and materials in the event the contractor fails to pay for them under the terms of the contract.*

Letter of Intent

*A document declaring the intention to contract with the party for certain goods and/or services. An LOI is used in advance of a formal contract or purchase order while other documentation or details are finalized.*

Master Services Agreement (MSA)

*A contract reached between two parties in which the parties agree to most of the terms that will govern all future transactions between them.*

Memorandum of Understanding (MOU)

*A non-binding agreement between parties to potentially do something together in the future; not an enforceable substitute for a contract.*

Minority Business Enterprise

*An enterprise that is at least 51% owned, operated, and controlled by a minority or a group of minority members or, in the case of a publicly owned business, at least 51% of the stock is owned by a minority or a group of minority members.*

MUSIC

*Michigan Universities Self-Insured Corporation; a self-funded group insurance plan of which WMU is a part.*

Official Signatory for the University

*See Authority to Sign*

Payment Terms

*Terms that refer to the timeframe in which a payment is due. This may also include information on any discount received for early payment.*

Performance Bond

*Bond required on construction or maintenance project bids $100,000 or larger and are normally required to be 100% of the supplier’s total bid. A performance bond is a guarantee by a bonding company for the satisfactory completion of a project per the specifications of the contract. The bond will protect the owner against losses if a contractor fails to perform or is unable to deliver the project. Compensation is defined as the amount covered under the performance bond.*

Proposal

*Document submitted, many times in response to a Request for Proposal, which outline information on a product or service solution available to meet the need of the requestor.*

Purchase Order

*A document communicating the specific good and/or service, quantity and cost to the supplier. This is specifically for one receipt of a good or service.*

Purchase Requisition Form

*Purchase Requisitions are required to initiate a purchase. This provides Purchasing the authority to act on the Department’s behalf and provides necessary information to complete the process. Facilities uses requisition forms (105, 106) specific to their department.*

Quote

*Document submitted, many times in response to a Request for Quote, which provides the price, description and delivery information on a product or service solution available to meet the need of the requestor.*

Re-bid

*A new bid process, following the expiration of a contract that no longer has additional renewals available.*

Renewal

*The option to extend an existing contract for a certain period of time, often specified in the original Request for Quote or Request for Proposal document.*

Request for Information (RFI)

*Document submitted to outside entities to request information about a product or service for the purpose of gathering information about options, capabilities, etc. The RFI information is typically used to gather information to decide on the next procurement phase and is seldom the final solicitation.*

Request for Proposal (RFP)

*Document submitted to prospective bidders to request proposals for a product or service, where the results or goals are known, but the product or service to provide the results is not known.*

Request for Qualifications (RFQ)

*Document submitted to pre-qualify prospective bidders to receive a forthcoming RFQ or RFP.*

Request for Quote (RFQ)

*Document submitted to prospective bidders to request quotations for a product or service, where the specification of the product or service is known, specific and for exact quantities needed.*

Scope of Work (SOW)

*Document that thoroughly describes the work to be performed by an outside entity for the University. The SOW should contain deliverables, milestones and the end product or service to be received. Also called Statement of Work.*

Sealed Bid

*Bids (quotes, proposals) submitted to the University in a sealed envelope, which is stamped upon arrival and remain closed until a formal bid opening time. Sealed bids may be opened in private or public settings.*

Service Level Agreement (SLA)

*An agreement between a service provider (internal or external) and the end user that defines the level of service expected from the service provider. The purpose of this type of agreement is to define what the customer will receive.*

Sole Source Justification

*Sole Source Justifications are reviewed by Purchasing to ensure the vendor requested by the Department is the only reasonable source from which to procure the product or services required. Examples of when sole sourcing is used includes situations involving unique product or product/service features, replacement parts or continuity of existing equipment or service. Should there be other vendors available to provide the product or service, Purchasing will have the department quote or bid.*

Tax Exempt

*Relief from taxes due to the tax/corporate status of an organization.*

Term

*The effective and expiration dates of an agreement. May be an automatic renewal agreement with a window for making changes (e.g. written notice 60 days prior to expiration).*

Terms and Conditions

*Also known as Terms of Service. Rules that must be followed in order to use the products and/or services in question.*

Time and Materials

*Term primarily used for construction related contracts, in which the contractor is paid based on an agreed upon hourly rate and actual cost of materials/equipment.*

Vendor or Supplier

*A company or individual who provides goods and/or services to the University.*

Vendor Contract

*WMU-issued* *blanket purchase order. This document is used in lieu of a purchase order when there is any level of variability in the purchase and/or receipt of the goods and/or services. These circumstances normally are numerous purchases of the same item or a combination of items on a repetitive basis during an annual period. Vendor contracts are also issued for construction and renovation projects where there is a project cost, projected timeline and multiple payments, or on a Time and Material basis where there are known service rates but unknown final costs, with a defined contract term.*

Vendor Selection

*The vendor selected should be the low cost provider, unless the following applies to the situation:*

* + *The supplier cannot meet the requirements specified in the quote or proposal.*
  + *Other suppliers provide additional offerings of features that provide more value for the University.*

Veteran Business Enterprise

*An enterprise that is at least 51% owned, operated and controlled by a veteran or a group of veterans or, in the case of a publicly owned business, at least 51% of the stock is owned by a veteran or a group of veteran members.*

Voucher

*Document that allows for payment of a debt or owed funds.*

W-9 and W-8BEN

*Tax forms required by the US IRS*

*W-9 – Form used in the US tax system which includes the name, address and taxpayer ID of the firm.*

*W-8BEN – Form required from a firm of foreign nationality, which certifies the foreign firm’s status with regard to tax withholdings.*

Warranty

*Obligations parties take by agreement or are imposed by law. Generally, memorialize the commitments/expectations that a buyer and seller have and to which they will be held accountable.*

Women Business Enterprise

*An enterprise that is at least 51% owned, operated and controlled by a woman or a group of women or, in the case of a publicly owned business, at least 51% of the stock is owned by a woman or a group of women.*