*Four Essential Elements in a Contract. An agreement must contain four essential elements to be regarded as a contract. If any one of them is missing, the agreement will not be legally binding.

__1. **Scope of Work (SOW):** Describe the work that is to be performed, and specifically identify the significant components. Where is the work to be performed (US or foreign)? The SOW doesn't have to be long, but it should clearly describe the work (see next page). Note: A proposed scope of work from the contractor does not necessarily constitute the SOW. It is the department's responsibility to specify the service requirements.

__2. **Period of Performance:** What is the expected life of the contract; the beginning date and end date? If work has already begun, you must provide an Unauthorized Purchase Approval Form. (See link: http://www.uaf.edu/files/purch/ua_form.pdf)

__3. **Type of Contract and Rate:** Is the contract Firm-fixed price or a cost-reimbursable contract? Combo (fee may be fixed, but includes reimbursements, such as travel, supplies, etc.)? NTE (Not to Exceed)? If any travel is involved, those costs should be included in the REQ, not handled separately on a different REQ or through a Travel Card or T/A (Travel Authorization). Rate can be hourly, daily, weekly, or monthly. The rate should "roll up" to the total dollar value of the contract. Are we paying monthly or lump sum at the end of the contract?

__4. **Deliverables/Vendor Responsibilities/Milestones:** What is the product to be provided (e.g. a report, memorandum, electronically)? When will the product be delivered (on a schedule?), and to whom and what address (physical/email). How will you determine that the work is complete (e.g., percent complete?) Are there performance standards? Delivery date on the REQ would be either the last day of service or date deliverables are due.

Other information that may be needed:

__5. **Vendor Justification:** If the service is over $10,000, what is the reason(s) a particular vendor/service provider is selected? If the project is for Research, a Restricted Specification Form should be completed.

__6. **Intellectual Property Issues:** Are there confidentiality agreements, patent and/or trademark rights issues, or potential violations of patents and/or trademarks?

__7. **Special Terms and Conditions:** If applicable, i.e. travel, fee prepayment, security clearance, etc.

__8. **Independent Contractor Status Determination Form:** If a vendor is new, sole proprietor and/or not incorporated, likely they will need to complete an ICSDF. Vendor completes first half, department completes the second half. Must ask if vendor has employees-AK law may require Workman's Compensation Insurance.

Have a question? Contact:

Terry Rahlf
Procurement & Contract Services
474-6471 / tlrhlfs@alaska.edu