

RISK TRANSFER SEMINAR SERIES

Purchase Orders vs. Contracts/Agreements

Using the Right Documents

**Joyce Moore
Risk Transfer Specialist**



What is a Purchase Order ?

- **Document Issued by a Buyer**
- **Commits them to pay Seller for Goods and/or Services**

What Should They Contain?

- **Detailed Description of Items to be Purchased/Services Provided**
- **Quantity**
- **Price/Taxes**
- **Payment Terms**
- **Date of Purchase/Expected Delivery**
- **Contact Information for Both Parties**

WE'RE ALL IN THIS TOGETHER 4

What is a Contract?

- **Legally Binding Document Between Two or More Parties**
- **Enforceable – Meets Requirements and Approval of the Law**

Contract/Agreement

What do they contain?

- **Offer – promise to do a specified action in the future for something in return**
- **Acceptance – offer was accepted by 2nd party**
- **Capacity – parties have the legal authority to enter into a contract**

Contract/Agreement

What do they contain?

- **Mutuality – both parties agree and understand to terms of the contract**
- **Consideration – promise of money for work performed**

Sample Contract

General Contract Agreement

Date: _____

Proposal Number: _____

This Agreement is made between the first party, _____
second party, _____.

The first party agrees that they will: _____

The second party covenants and agrees that it will: _____

Other observed terms between the first and second party: _____

Items In a Contract

- ❖ **All Parties Included need to be Named**
- ❖ **Explanation of value gained by each party**
- ❖ **Legal Purpose**

Items In a Contract

❖ Terms/Conditions

- **Contract Start/Completion Date**
- **\$\$ amount of work being performed for what finished product**
- **Insurance requirements**
- **Signatures of all parties**
- **Indemnification Language**

Sample Indemnification Agreement

The Contractor/Vendor hereby agrees to defend, indemnify and hold harmless the School District from and against any and all liability, loss, damage, claim or action, to the extent permissible by law, arising out of operations performed or services provided by the contractor/vendor under the contract.

NYSIR'S ROLE

- **Review Contract/Agreements for Correct and Complete Information**

Making Contracts From POs

- **Refer to NYSIR Contractor Purchase Agreement – Service, Maintenance and Repair Work**
- **Why is this form necessary?**

Making Contracts From POs

- **Attaches to Purchase Order to Create Contract**
- **Allows for Risk Transfer to be Completed**
- **Additional Insured Status Granted - “required by signed, written contract”**

Thank You

Joyce Moore

jmoore@Nysir.org

716-671-2046



WE'RE ALL IN THIS TOGETHER.

Questions

