

SOP: Contract Review, Negotiation, and Signing Procedures

This SOP details the **contract review, negotiation, and signing procedures**, encompassing the identification of contract requirements, thorough review and analysis of contract terms, negotiation strategies to achieve favorable outcomes, approval workflows, and proper documentation of final agreements. The aim is to ensure that all contracts are reviewed for compliance, risks are mitigated, and agreements are executed efficiently and securely to protect organizational interests.

1. Purpose

To establish standardized procedures for reviewing, negotiating, approving, and executing contracts to safeguard the organization's legal, financial, and operational interests.

2. Scope

This procedure applies to all employees, departments, and consultants involved in the preparation, review, negotiation, approval, and signing of contractual agreements on behalf of the organization.

3. Definitions

Term	Definition
Contract	A legally binding agreement between two or more parties.
Stakeholder	Any individual or group involved in or impacted by the contract.
Approver	Authorized individual(s) empowered to approve contracts.

4. Responsibilities

- **Contract Owner:** Initiates contract review and liaises with stakeholders.
- **Legal Department:** Reviews terms and conditions for compliance and risk.
- **Finance Department:** Reviews financial terms and ensures budget alignment.
- **Approver(s):** Grants final authorization to proceed with signing.

5. Procedures

1. **Identify Contract Requirements**
 - Determine business objectives and essential contract terms.
 - Gather relevant documentation and background information.
2. **Preliminary Review**
 - Contract owner performs initial assessment of contract content, ensuring alignment with organizational needs.
 - Engage the Legal Department for document receipt and record creation.
3. **Contract Review and Analysis**
 - Legal Department reviews for legal compliance, risks, and regulatory obligations.
 - Finance reviews payment terms, pricing, and budget implications.
 - Other stakeholders (e.g., IT, Procurement) review applicable sections.
 - Identify and document issues or required changes.
4. **Negotiation**
 - Compile feedback from all reviewers.
 - Negotiate with counterparty to address terms, resolve issues, and reach mutually acceptable terms.
 - Document negotiation outcomes and maintain communication logs.
5. **Approval Workflow**
 - Route final draft through the designated approval chain.
 - Obtain written sign-off (physical or electronic) from all necessary parties.
6. **Contract Execution**
 - Arrange for authorized personnel to sign the contract.

- Ensure both parties receive fully executed copies.

7. Recordkeeping and Documentation

- Store executed contract in a secure, centralized repository.
- Maintain records of all drafts, correspondence, and approvals.

6. Related Documents

- Contract Template Library
- Approval Authority Matrix
- Records Management Policy

7. Revision and Review

- This SOP shall be reviewed annually or as required by changes in the business process or regulatory requirements.