

## HOW TO TERMINATE A CONTRACT

### BY DHS AGENCY (WITH OR WITHOUT CAUSE)

DHS Agency Responsibilities	BCM Responsibilities
1. Review the original contract for termination requirements. (Service Contract – Part I, Sec. E; Vendor Contract – Attachment A.) and the circumstances leading to termination. Determine whether to terminate with or without cause, consulting with Agency legal counsel as needed.	
2. Draft termination letter notifying Contractor of intent to terminate the contract 30 days (or other timeframe established in the Contract) from the Contractor's receipt of the letter. <b>Include BCM as a cc on the letter.</b>	
3. Give the termination letter to BCM to review.	
	4. Review the termination letter and provide feedback/corrections.
5. Send termination letter by certified mail/return receipt requested to the Contractor's last known business address (should be the address on the face of the contract) or the principal's address if that address is no longer viable.	
6. Give BCM a <b>signed</b> copy of the termination letter sent to the Contractor together with the original white certified mail receipt	
7. When the original green certified mail receipt is received documenting the delivery date, give the original receipt to BCM, or if delivery to the Contractor was not possible, provide BCM with the original returned mail.	
	8. To ensure consistent DHS-wide practices, advise the agency of the effective date of the termination based on receipt date.
9. Before the termination effective date is reached, advise BCM of any negotiations with the Contractor to stay termination.	
	10. Hold the copy of the letter and the original certified return receipt or returned mail pending termination. If DHS agency has not notified BCM of negotiations to stay the termination, notify the agency that the effective date of termination has been reached.
11. Advise region and/or payment staff of the last date of service allowed under the Contract. Coordinate the necessary termination activities in CAPS and/or FI-NET, including the closing of all PSA's on or before the last date of service.	
	12. Terminate the Contract in BCMS.
	13. Fax termination letter to State Finance if needed.
	14. File the termination letter and certified mail documentation in the BCM contract file.

**CONTRACTOR-REQUESTED TERMINATIONS.** If the Contractor requests termination of its contract, instruct the Contractor to put the termination request in writing, including the requested contract termination date and contract number(s), and send it to the DHS Agency. Upon receipt, the DHS Agency shall forward the original letter to BCM. BCM will terminate the contract in BCMS and file the letter in the BCM contract file. *Advise the Contractor in writing (can be via e-mail) that you are enforcing the Contract's records retention clauses, and if the Contractor believes it cannot meet those record retention requirements, to make arrangements with you (or your DHS Agency's designee) to take possession of the Contractor's records.*

**NOTES:**

1. Once a contract has been terminated, it cannot be reinstated through an amendment.
2. Whenever a DHS Agency is terminating a contract, the Agency shall take appropriate steps to minimize disruption of client services, and when necessary, protect client records.
3. If the termination is initiated by the DHS Agency and involuntarily imposed on the Contractor, the DHS Agency Director (rather than Contract Specialist) should sign the termination letter.
4. A contract may only be terminated in accordance with the terms and timeframes stated in the contract unless: a) both parties agree to an earlier termination; or b) a contract violation creates or is likely to create a risk of harm to the clients served under the contract. In the latter case, the DHS Service Contract may be terminated immediately by notifying the Contractor in writing.