Contract review and approval

Process Definition Document (PDD): template and worked example

Example company (fictional): Brennick Freight Ltd, a freight forwarder in Manchester, United Kingdom (about 900 employees, in-house legal team of 6).

Document control

Field	Value
Process name	Contract review and approval
Process owner	[Name, role]
Prepared by	[Name]
Reviewed by	[Names of the people who do the work]
Approved by	[Name, date]
Version	1.0 (as-is)
Status	Draft

How to use this template

This is a complete process definition document (PDD) for commercial contract review and approval, also called contract lifecycle management, contract approval workflow or contract redlining. It describes the process as it runs today at a fictional British freight forwarder, with the roles, systems, approvals and controls you would expect in a real in-house legal team that handles customer, supplier and partner agreements.

This is an operational process description. It is not legal advice, and the rules it mentions (such as who may sign and which terms need escalation) are examples that each company must set for itself with its own counsel. Use the document as a starting point: replace the company details, keep the sections, and walk through each step with the lawyer who does the redlining and the person who files the signed contract. Most teams change the triage thresholds, the delegation of authority table and the list of terms that need escalation. The structure stays the same.

- Replace the company, the repository and the e-signature tool with yours. A shared drive and a spreadsheet register work, but then step 19 needs a named owner and a monthly check.
- Set your own tier thresholds in step 3. Value limits, term length and the list of risk terms such as exclusivity or liability differ a lot between companies and sectors.
- Write your delegation of authority table and keep it outside this document so it can change without a new version of the process. Include deputies.
- Check which contracts belong in this process. Many teams run low-value standard orders without legal review and only count them.
- Measure how long the contract waits for the counterparty compared with how long it waits inside your company. In most teams the internal wait, especially for approval, is the part you can change.

1. Purpose and scope

This procedure describes how Brennick Freight Ltd reviews, negotiates, approves, signs and stores commercial contracts. It gives the business, the legal team, finance and the signatories one shared description of who does what, so that every contract is reviewed at the level its value and risk require, signed only by someone with authority and stored where its key dates are tracked. The process starts when a Contract Owner in the business submits a contract request. It ends when the signed contract is in the repository and its key dates are set. The process covers customer

agreements, supplier agreements and partnership agreements on company or counterparty paper. Non-disclosure agreements, employment contracts and property leases follow their own procedures.

In scope

- Customer, supplier and partner agreements above the low-value limit
- Review against the playbook, redlining and negotiation with the counterparty
- Escalation of non-standard terms and approval by delegation of authority
- Signature, storage in the contract repository and setting of key dates

Out of scope

- Non-disclosure agreements, which have their own procedure
- Employment contracts and property leases
- Disputes and litigation arising from a signed contract
- Renewal negotiations after the contract is stored, which restart this process as a new request

2. Process at a glance

Item	Description
Trigger	A Contract Owner submits a contract request in the legal request form.
Starts when	The Legal Operations Coordinator receives the request and checks that it is complete.
Ends when	The signed contract is stored in the repository with its key dates and the Contract Owner is told.
Inputs	Contract request with counterparty, value, term and business context, Draft contract from either side, Counterparty details for the credit and sanctions check, Playbook and delegation of authority table
Outputs	Signed contract in the repository, Redline history and approval record, Key dates for renewal, notice and review, Updated contract register
Volume	About 1,400 contracts a year, roughly 28 per week
Working hours	Monday to Friday, 08:30 to 17:30. Typical elapsed time is 3 working days for low risk and 15 to 25 working days for high risk.

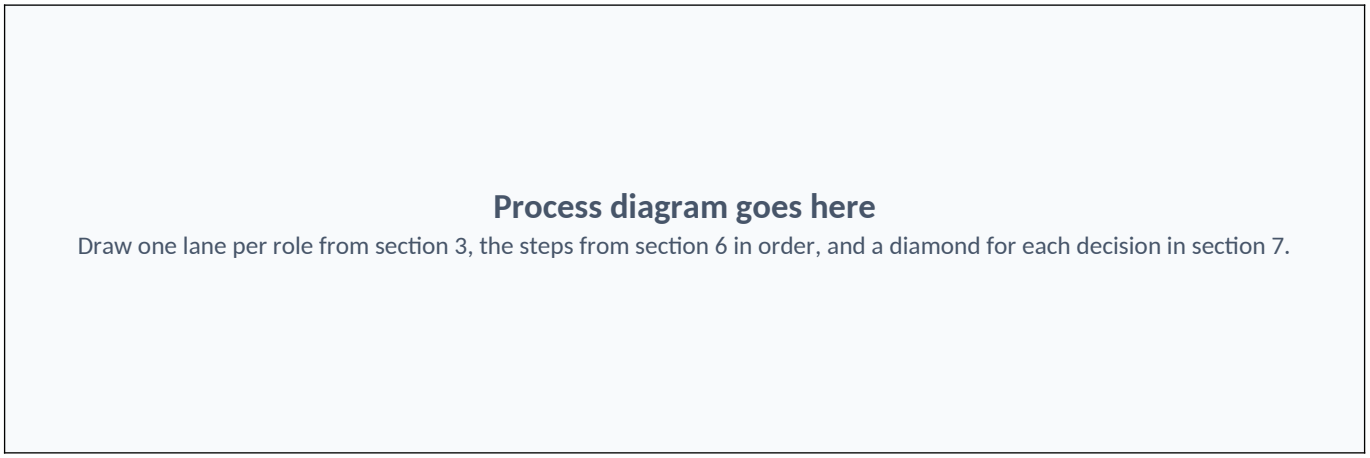
3. Roles and responsibilities

Role	Responsibilities
Contract Owner	Submits the request, explains the business context, answers questions on commercial terms and agrees the final text with the counterparty on points that are commercial, not legal.
Legal Operations Coordinator	Checks requests for completeness, triages by value and risk, assigns the lawyer, runs the approval workflow, arranges signature and files the signed contract.
Commercial Lawyer	Reviews the draft against the playbook, redlines it, negotiates legal terms with the counterparty and decides which deviations are acceptable within the playbook limits.
Head of Legal	Decides on escalated non-standard terms, approves high-risk contracts from a legal point of view and owns the playbook.
Finance Controller	Checks payment terms, credit exposure and tax points on contracts above the finance threshold.
Authorised Signatory	Approves and signs the contract within the limits of the delegation of authority table.
Counterparty (external)	Sends or receives drafts, proposes changes, accepts or rejects the redlines and signs the final contract.

4. Systems

- Legal request form: intake and contract register
- Microsoft Word with tracked changes: drafts and redlines
- Contract repository (SharePoint library with metadata): signed contracts and key dates
- Approval workflow in the request form: approvals by delegation of authority
- E-signature tool: signing and the signing audit trail
- Outlook: correspondence with the counterparty
- Counterparty check portal: sanctions and credit check

5. Process map



6. Procedure, step by step

#	Step	Who	What happens	System	Output
1	Submit the contract request	Contract Owner	Fills in the request with the counterparty name, contract type, expected value, term, start date and a short description of the deal, and attaches the draft if one exists. Takes 10 to 15 minutes.	Legal request form	Contract request
2	Check the request is complete	Legal Operations Coordinator	Checks that value, term, counterparty legal name and a draft or term sheet are present. If something is missing (about 30% of requests), returns the request with a specific question. Takes 5 to 10 minutes.	Legal request form	Complete request, or request returned
3	Triage by value and risk	Legal Operations Coordinator	Assigns a tier. Tier 1 is a standard contract on the company template under 25,000 GBP. Tier 2 is a deal between 25,000 and 250,000 GBP or any use of counterparty paper. Tier 3 is above 250,000 GBP, a term over three years, exclusivity, unlimited liability or personal data transfers abroad. About 45% are tier 1, 40% tier 2 and 15% tier 3. Takes 5 to 10 minutes.	Legal request form	Tier assigned
4	Run the counterparty check and assign a lawyer	Legal Operations Coordinator	Checks the counterparty against sanctions lists and the credit report, and assigns a Commercial Lawyer by contract type and workload. A failed check stops the request and goes to the Head of Legal. Takes 10 to	Counterparty check portal	Check result and assigned lawyer

#	Step	Who	What happens	System	Output
			15 minutes.		
5	Choose the contract basis	Commercial Lawyer	Decides whether to use the company template or the counterparty draft. Tier 1 always uses the company template. If the counterparty insists on its own paper, the lawyer accepts it only for tier 2 and applies the playbook to it. Takes 10 minutes.	Microsoft Word	Draft on the chosen basis
6	Review against the playbook	Commercial Lawyer	Reads the draft against the playbook, which lists for each clause the preferred position, the acceptable fallback and the point at which escalation is needed. Marks each deviation in tracked changes with a short comment. Takes 30 minutes for tier 1, 2 to 3 hours for tier 2 and up to a day for tier 3.	Microsoft Word	Redlined draft with comments
7	Ask the Contract Owner about commercial points	Commercial Lawyer	Sends the Contract Owner the points that need a business answer, such as delivery dates, price adjustment and service levels. Waits for the answers, usually 1 to 2 working days. About 50% of tier 2 and tier 3 contracts need this.	Outlook	Business answers
8	Answer the commercial points	Contract Owner	Replies on each point and says which are firm and which can move. Takes 20 to 40 minutes. If the owner does not reply within 3 working days the Legal Operations Coordinator sends a reminder.	Outlook	Commercial positions
9	Send the redline to the counterparty	Commercial Lawyer	Sends the redlined draft with a short cover note that explains the three or four points that matter most. Takes 15 minutes.	Outlook	Redline sent
10	Respond with comments	Counterparty	Accepts or rejects each change and proposes its own. Usually takes 3 to 7 working days. About 80% of contracts need two rounds or more.	Outlook	Counterparty response
11	Negotiate and close open points	Commercial Lawyer	Works through the open points by email or call. Accepts a fallback position where the playbook allows it and records each concession in the comments. Repeats steps 9 and 10 until nothing is open. Each round takes 1 to 3 hours of lawyer time.	Outlook, phone	Agreed text, or list of points outside the playbook
12	Decide on non-standard terms	Head of Legal	If a point is outside the playbook fallback (about 20% of contracts), reviews it and decides to accept, counter or refuse, with a written reason. Takes 20 to 40 minutes plus 1 to 3 days of waiting. A refusal returns the contract to step 11.	Legal request form	Decision on each escalated term
13	Check payment terms and credit exposure	Finance Controller	For contracts above 100,000 GBP or with payment terms over 60 days, checks the terms, the credit report and any tax or currency point. Takes 15 to 20 minutes plus 1 to 2 days of waiting.	Legal request form	Finance opinion
14	Start the approval workflow	Legal Operations Coordinator	Compiles the final text, the summary of deviations and the finance opinion, and routes it to the approver named in the delegation of authority table by value and type. Takes 10 minutes.	Approval workflow	Approval request
15	Approve the contract	Authorised Signatory	Reads the summary, checks that the deal matches the business case and approves or rejects in the workflow. Takes 10 minutes plus 1 to 4 days of waiting. A signatory	Approval workflow	Approval record

#	Step	Who	What happens	System	Output
			cannot approve a contract in which they are the Contract Owner.		
16	Prepare the execution version	Legal Operations Coordinator	Accepts all changes, checks names, dates, schedules and cross-references against the agreed text, and uploads a clean PDF to the e-signature tool. Takes 15 to 30 minutes.	Microsoft Word, e-signature tool	Execution version
17	Sign for the company	Authorised Signatory	Signs in the e-signature tool in the order set by the Legal Operations Coordinator. Takes 5 minutes plus 1 to 2 days of waiting.	E-signature tool	Company signature
18	Sign for the counterparty	Counterparty	Signs through the e-signature link. About 15% of counterparties need a reminder after 3 days, and a few insist on wet ink, which adds 3 to 5 days.	E-signature tool	Fully signed contract
19	Store the contract and set key dates	Legal Operations Coordinator	Saves the signed PDF, the final Word file and the approval record in the repository with metadata: counterparty, value, start and end dates, notice period, renewal type and owner. Sets reminders at 120, 90 and 30 days before notice deadlines. Takes 10 to 15 minutes.	Contract repository	Stored contract with key dates
20	Inform the Contract Owner	Legal Operations Coordinator	Sends the signed contract and a one-line summary of the key dates to the Contract Owner and closes the request. Takes 5 minutes.	Outlook, legal request form	Owner informed, request closed

7. Decision points and business rules

- Is the request complete? No (about 30% of requests): it goes back to the Contract Owner with a specific question and the clock stops (step 2).
- Which tier applies? Tier 1, 2 or 3 by value, term, contract basis and risk terms. The tier decides the depth of review and who must approve (step 3).
- Did the counterparty check pass? No: the request stops and the Head of Legal decides whether the deal can go ahead (step 4).
- Company template or counterparty paper? Tier 1 always uses the template. Counterparty paper is accepted only for tier 2 and is reviewed against the playbook (step 5).
- Does the lawyer need business answers? Yes (about 50% of tier 2 and 3): the Contract Owner replies before the redline goes out (step 7).
- Are all points closed? No: the redline goes back and forth until nothing is open. About 80% need two rounds or more (step 11).
- Is any term outside the playbook fallback? Yes (about 20%): the Head of Legal decides to accept, counter or refuse (step 12).
- Is the value above 100,000 GBP or the payment term over 60 days? Yes: the Finance Controller reviews the terms (step 13).
- Who approves? The person named in the delegation of authority table for the value and type of the contract (step 15).

8. Exceptions

- Urgent deal (about 8%): the Head of Legal may allow signature on a shortened review for tier 2, with a full review of the signed contract within 10 working days and any gaps raised as amendments.

- Counterparty refuses to negotiate (about 5%): the Contract Owner decides with the Head of Legal whether the business wants the deal on the terms offered. The accepted risks are written into the approval record.
- Change requested after approval (about 6%): if the text changes after step 15 in any way other than typing, the approval is repeated for the changed clauses.
- Signatory unavailable: the delegation of authority table names a deputy for each approver. Without a deputy, approval waits.
- Contract already started before signature (about 4%): the Head of Legal is told, the work is documented, and the contract is signed with a clause that confirms the terms apply from the actual start.

9. Controls

- Every contract is reviewed at the level its tier requires, and the tier is recorded on the request.
- Deviations from the playbook are recorded in tracked changes with a reason, and terms outside the fallback are decided by the Head of Legal in writing.
- Approval follows the delegation of authority table, and a person cannot approve a contract they own.
- Counterparties are checked against sanctions lists and credit reports before the review starts.
- The signed version is compared with the approved version before the execution copy is sent.
- Signed contracts are kept in the repository with metadata and key date reminders, and the contract register is reconciled with finance every quarter.
- Contracts are kept for their term plus the retention period set by company policy and the limitation rules that apply to them.

10. Known issues today

- Business teams sometimes agree terms by email before legal sees the request, so the lawyer starts from a promise that is not in the playbook.
- About 3 in 10 requests arrive incomplete and lose a day or more in a return loop.
- Counterparty paper is reviewed from scratch each time, because there is no memory of what was accepted from the same counterparty last year.
- Key dates are entered by hand and a few notice deadlines are found late.
- Approvers see a long redline and not the three points that matter, so approval takes longer than the review.

11. RACI matrix

R = responsible (does the work), A = accountable (owns the outcome), C = consulted, I = informed.

Activity	Contract Owner	Legal Ops Coordinator	Commercial Lawyer	Head of Legal	Finance Controller	Signatory
Submit the contract request	A/R	I				
Completeness check and triage	C	A/R	C			
Counterparty check		R	I	A		
Review against the playbook and redline	C	I	A/R	C		
Negotiate with the counterparty	C	I	A/R	C		
Decide on non-standard terms	C	I	R	A	C	
Check payment terms and credit exposure	I	C	I		A/R	
Approve the contract	C	R	C	C	C	A
Execute the contract	I	R	I			A

Activity	Contract Owner	Legal Ops Coordinator	Commercial Lawyer	Head of Legal	Finance Controller	Signatory
Store the contract and set key dates	I	A/R	C			

12. KPIs

KPI	Definition	Target
Working days from request to signature	Working days from the complete request being accepted to the last signature, reported by tier.	[set]
Share of requests returned as incomplete	Share of requests sent back at step 2. Today about 30%.	[set]
Redline rounds per contract	Average number of times the draft goes to the counterparty and back before agreement.	[set]
Escalations outside the playbook	Number and share of contracts that reach the Head of Legal, with the clause most often involved.	[set]
Key dates missed	Number of notice or renewal deadlines found after the date, as a share of contracts with key dates.	[set]

13. Revision history

Version	Date	Author	Change
1.0	[date]	[name]	First as-is version

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