

Contract Termination Process Checklist

Actionable step-by-step guidance to adhere to while terminating a contract

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Introduction

Based on organizational policies, contracts are usually created with 30, 60, or even 90 days' notice of termination. If your contract has a termination with cause clause, you will have to present the reason for termination. Hence, as a rule of thumb, before you proceed with the contract termination process, identify the reasons leading to termination, it could be any of the following:

- a breach;
- a trigger of a contractual termination clause;
- frustration;
- misrepresentation; or
- by mutual agreement

Whatever the cause may be, ideally you should contact an attorney if you are unsure about the contract termination process. An attorney can help you identify the nuances of the contract and avoid any legal pitfalls. However, if you use an **AI-enabled CLM solution, like Aavenir Contractflow**, you need not look back and worry about your contract lifecycle management workflows.

Let's get started with the curated contract termination process checklist!



Details of contract:

Contract ID:	
Contract Status:	
Contract Value:	
Contract Duration:	
Signing Parties:	
Contract Implementation Date:	
Contract Effective Date:	
Any other information:	

Have you decided to terminate your existing contract?

	Step-1
☐	Make sure you have the authority to do so before terminating a contract.
	Step-2
☐	Identify the reason for termination of the contract
	Step-3
☐	Take appropriate action based on the identified reason
☐	Contract Termination, in case of unfair contract terms
☐	Speak with a commercial lawyer for advice on termination clauses in your contract
☐	Claim the compensation, if any

☐	Contract Termination, in case of mutual agreement	
	☐	Check the pre-agreed terms and conditions and agree upon a mutual notice period
	☐	Claim the compensation, if any
☐	Contract Termination, in case of a trigger of a termination clause	
	☐	Speak with a commercial lawyer for advice on termination clauses in your contract
	☐	Document the missed commitments that triggered the termination clause
	☐	Document any other shortcomings or red flags
	☐	Claim the compensation, if any
☐	Contract Termination, in case of frustration or misrepresentation	
	☐	Check the legal options and remedies available for terminating contracts
	☐	Follow the termination provisions that often set out the process to be followed in order to exercise those termination rights.
	☐	Claim the compensation, if any
☐	Contract Termination, in case of breach of contract:	
	☐	Document the missed obligations by the vendor
	☐	Document any other vendor shortcomings
	☐	Prove a breach committed by the vendor
	☐	If termination is not an option as per the original contract, negotiate with the vendor
	☐	Give the Vendor Time to Remedy the Situation
	☐	If negotiation is not favorable, go ahead with the contract termination
	☐	Claim the compensation, if any

	Step-4
☐	Confirm the notice of termination (how many days)
	Step-5
☐	Have your contract reviewed by a lawyer before acting on a termination clause
	Step-6
☐	Contact a commercial contracts lawyer to determine your rights and obligations in terminating for a breach of contract.
	Step-7
☐	Have both parties completed their obligations
	Step-8
☐	Put the termination in writing for documentation purposes
	Step-9
☐	Obtain board approval, it can protect yourself and help prevent future misunderstandings.
	Step-10
☐	Get the contract termination letter ready (advisable to get it drafted by legal)
	Step-11
☐	Send the letter of termination containing specific details about the reason for the termination, the termination date, and any other terms outlined in the contract
	Step-12
☐	Release final payment

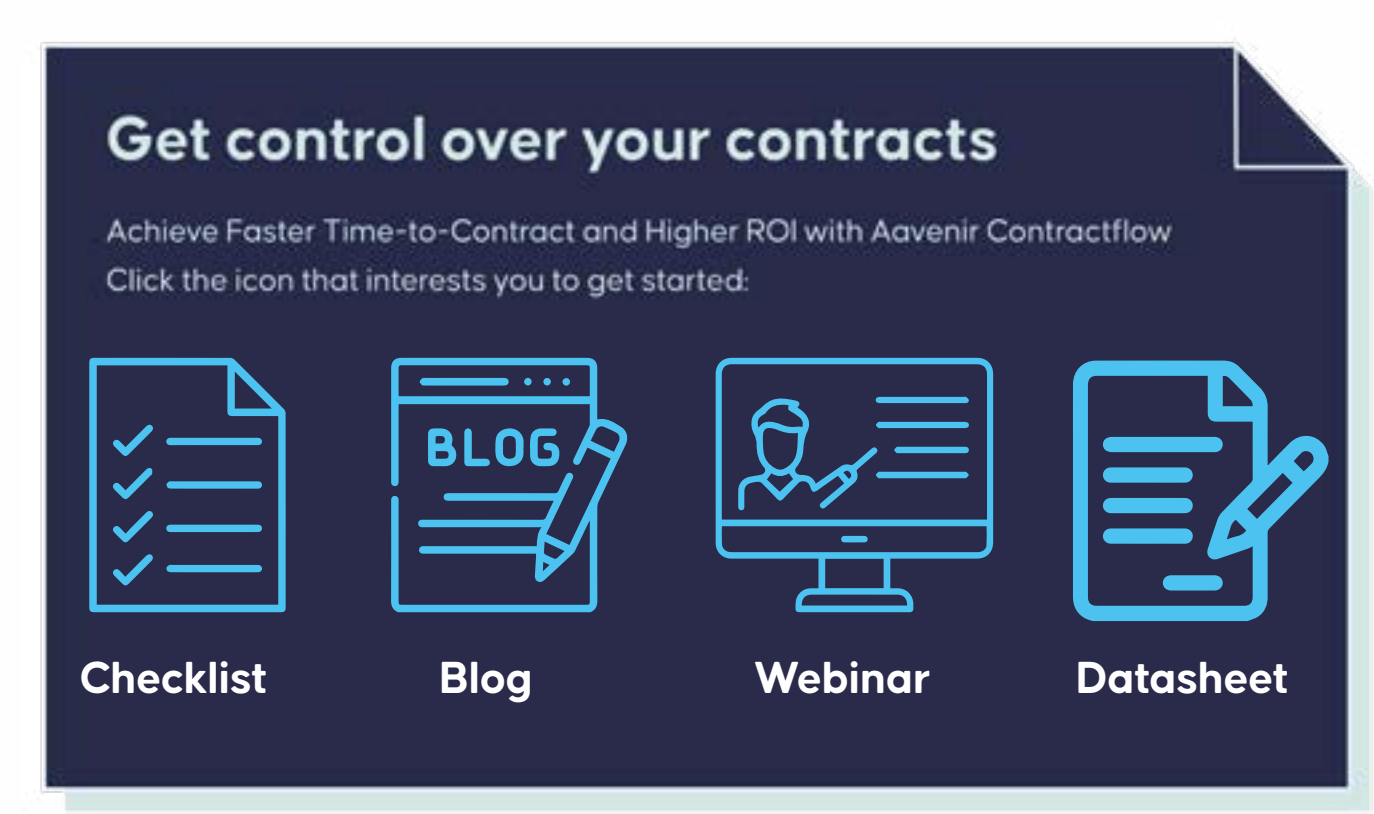


Disclaimer: *This checklist is not legal advice, and is created for general informational and educational purposes only. The information and processes depicted in this checklist may not present the most up-to-date legal information relevant to your country or industry. The content of the checklist is developed to provide you with direction. Aavenir isn't responsible or liable for any damages caused by using any information provided in this checklist. Users should contact their attorneys for legal advice regarding any particular legal matter.*

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About Aavenir

Aavenir revolutionizes age-old procurement processes with AI-enabled Source-to-Pay solutions, including RFPflow, Onboardingflow, Contractflow, Obligationflow, and Invoiceflow. Built on ServiceNow, Aavenir solutions streamline procurement, legal, and accounts payable work processes using the latest technologies such as AI, ML, and NLP to

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