

TUSKEGEE UNIVERSITY

University Policy: Policy on Contract Review and Approval

Policy Category: Administrative

Subject: Policy on Contract Review and Approval

Office Responsible for Review of this Policy: Entire University Community

I. SCOPE

This Administrative Policy sets forth the authority, limitations and responsibilities of the Tuskegee University (“University”) Officers and other administrative personnel with regard to negotiating, reviewing, approving and signing contracts on behalf of the University. As a “bright line” rule, no “Contract” shall be valid or enforceable against the University, and no performance (including any payments) of a Contract involving the University shall be undertaken, until such time as the Contract has been negotiated, reviewed, approved and signed in strict accordance with this Policy.

II. POLICY STATEMENT

The President is the Chief Executive Officer of the University; and as such, the President is the University's Chief Contracting Officer. Therefore, subject to the terms and conditions of this Policy, the President has the authority to negotiate, review, approve, and sign contracts on behalf of the University and to delegate such authority. In addition, other senior officials at the University shall have the contract authority at the discretion of the President.

III. PURPOSE

The purposes for the adoption of this Policy are, first, in order that University personnel, and also the University’s vendors, are able to be familiar with, and can thus duly comply with, the requirements of this Policy so as to ensure that the University’s contractual commitments are made in accordance with the University’s budgetary plans, restrictions and other relevant parameters, and second, in order to ensure that, within each line of authority at the University, all appropriate persons are fully aware of the contractual commitments that can be properly entered into within that line of authority.

IV. TO WHOM THIS POLICY APPLIES

This policy applies to the entire University community.

V. EFFECTIVE DATE

This policy is effective immediately. The policy adoption date is: August 13, 2014.

VI. SIGNATURE, DATE, AND APPROVAL

Approved:



Brian L. Johnson, PhD
President

Date Approved:

TUSKEGEE UNIVERSITY

Policy on Contract Review and Approval

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Section 1. GENERAL

Tuskegee University, through faculty, staff, students, and student organizations, enters into contractual agreements each year with third parties that involve a wide array of activities, including services, consulting, maintenance, supplies, performances, facilities use, construction, research, and publications, among others. This policy is intended to provide guidance to the Tuskegee University community on the need for written agreements, as well as the signature authority, review process, and recordkeeping for all contractual agreements with third parties involving University resources. The goal of this policy is to promote good business practices, ensure that all contractual agreements meet the University's legal compliance requirements, and avoid unintended contractual obligations not in the best interests of the University.

Contracts must satisfy three basic criteria in order to be approved by an authorized University official:

- The contract must be appropriate to the mission and operation of the University;
- The funds and other resources must be available to carry out the obligations of the contract; and
- The terms of the contract must comply with Board and University regulations, and applicable local, state, and federal laws.

Section 2. POLICY

It is the policy of the University that only the President is authorized to sign and enter into agreements. Anyone else who enters into a contract that purports to bind the University or one of its sub-units is acting without authority and could be held personally liable for the contract and/or be subject to discipline.

All contracts must be in the name of "Tuskegee University" although the contract may reference a specific school or department of the University (e.g. "Tuskegee University and its Department of Athletics").

Section 3. UNIVERSITY CONTRACT DEFINED

For the purposes of this policy a "University contract" is defined as an agreement between two (2) or more parties, one of which is the University or any of its subunits/affiliated organizations (i.e. Foundation, Athletic Association, Research Foundation, Alumni Association, etc.), intended to have legal effect or be otherwise recognized at law. There must be a common understanding among the parties as to the essential terms, the mutual obligations, and the existence of valid and sufficient "legal consideration",

meaning that something of value is exchanged between the parties. Examples of University contracts include, among others:

- Agreements to buy, sell, or rent goods;
- Agreements to provide, obtain, or rent services;
- Volunteer agreements;
- Memorandum of Understanding or Cooperation with government agencies and other organizations for the accomplishment of particular purposes;
- Grants and subgrants awarded by government agencies and private organizations;
- Affiliation/clinical agreements;
- Leases of movable property, such as tools, equipment, vehicles, etc.
- Leases, deeds, and other conveyances affecting interests in real property;
- Employment contracts;
- Waivers and releases;
- Nondisclosure agreements;
- Material transfer agreements;
- Student and faculty exchange agreements; and
- Software license agreements.

Section 4. SUBMISSION TIMING REQUIREMENTS

In order to ensure continuity of service for the benefit of the university, individuals should submit a contract for review at least fourteen (14) days in advance of when the signed agreement is needed, and must submit the agreement further in advance if the agreement involves a complex matter. Failure to comply with this requirement may result in the University being unable to approve and/or execute the agreement.

Section 5. ADMINISTRATIVE REVIEW

A person initiating a University contract is responsible for reading the contract entirely and determining that: (1) the contract language accurately reflects the current state of negotiations; (2) the contract meets programmatic and University mission and operational requirements; (3) the contract is in the best interests of the University; (4) he/she can ensure compliance with the obligations it places on the University; and (5) the contract is sufficiently clear, consistent, and fiscally prudent.

In addition, such persons must have the cooperation and approval of any University department/unit that may be directly or indirectly involved in the performance or funding of the contract. Accordingly, prior to being signed by the appropriate University official, all contracts must be reviewed and approved by: (1) the University department chair or unit director; (2) the University dean (if the requesting department/unit is an academic department); (3) the Office of Legal Affairs; and in all circumstances (4) the President. The following outlines the responsibility of each of these reviewing offices:

➤ Vice President/Department Chair/Unit Director

- Guarantees that the department or unit can furnish services, materials, and/or funds provided for in the contract.
- Assures that the contract is appropriate and necessary to the department's missions and priorities.
- Assures that alternative activities, actions and/or providers have been considered, and that those stipulated in the contract or agreement represent the most feasible, reasonable, and fiscally prudent arrangements for the department.

➤ **Academic Dean**

- Guarantees that the college or school can furnish the services, materials, and/or funds (including any matching requirements) designated in the contract.
- Assures that the contract is appropriate and necessary to the college or school's mission and priorities.
- Assures that alternative activities, actions and/or providers have been considered, and that those stipulated in the contract or agreement represent the most feasible, reasonable and fiscally prudent arrangements for the college or school.

➤ **Office of Legal Affairs**

- Assures that the contract does not subject the University to undue liability or risk.
- Assures that the contract does not contain any prohibited clauses.
- Assures that the terms of the contract comply with the Board and University regulations, and applicable local, state, and federal laws.

➤ **President**

- Verifies that all appropriate signatures are intact, including Legal Affairs approval and Accounting Services/Grants and Contracts approval, when necessary.
- Assures that the contract is appropriate and necessary to the University's mission and priorities, and is not in conflict with the needs, mission, or priorities of any other division within the University.
- Obligates the University Board of Trustees to the terms of the contract.

Approvals from the above departments/unites are to be endorsed in writing on an approval routing form attached to the front of the University contract. These signatures apprise the authorized University signatory that the terms of the contract have been appropriately reviewed.

Section 6. AUTHORIZING SIGNATURES

All contracts involving the University must be signed by an authorized University official. The Office of Legal Affairs and the President must review and approve all contracts before the University is obligated. With the exception of research agreements, which are signed by the Vice President of Research and Sponsored Programs, all contracts exceeding \$5,000 or more in University expenditures or revenues must be reviewed by the President. The Chief Financial Officer will ensure such review occurs.

Vice Presidents and Deans may delegate signature authority for routing forms or contracts. This delegation may be limited to specific types of contracts or to specific time periods. To delegate signature authority, the person charged with the signature authority must submit the information to the Office of Business and Fiscal Affairs. A list of authorized signatures will be sent to the Office of Legal Affairs and to all units of Business and Fiscal Affairs who participate in the execution of contracts and agreements. Vice Presidents and Deans are encouraged to name a delegate to serve during any absence – including vacations – from their office.

Contracts and agreements signed by other than authorized officials will be rejected and returned to the originating department. Failure to follow University policies and procedures regarding signature authority will result in personal liability for all contractual obligations and/or disciplinary action.

Section 7. SIGNATURE APPROVAL ROUTING FORMS

To assure the proper and timely routing of University contracts through the signature approval process, the University recommends the use of an approved routing form. This form should be attached to the front of the University contract. The form provides contact information and shows the next steps in the routing process so that University contracts can be handled expediently. The routing form must be approved by the Office of Legal Affairs.

Section 8. CONTRACT RETENTION

When a contract is signed, the University office/department that arranged for the contract (including leases and purchase orders) is responsible for:

- Promptly providing the original, fully-executed (i.e. signed by all parties) contract to the Business Office (for purposes of recordkeeping, audit reporting, and execution of disbursements);
- Keeping a copy of the fully executed contract, including all attachments; and
- Providing an electronic copy of the fully executed contract to the Office of General Counsel.

Section 9. CONTRACT ADMINISTRATION

Unless otherwise provided by University policy, the individual, or his/her designee, who signs the University contract is responsible for properly carrying out the terms of the contract for the University. It may be advisable for each University department/unit to establish a database of all its current contracts, including such information as performance dates, payments to or from the University, and receipt of certificates of insurance, performance bonds or letters of credit. Failure to monitor these requirements can expose the University department/unit and the University to financial loss, legal actions, and potential claims of breach of contract or default.

If any contract administrator has any questions regarding these matters, he/she should contact the Office of Legal Affairs.

August 13, 2014