



Policy: Contract Approval & Signatory	Policy No: II-4
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I. **POLICY:** This Policy describes the responsibilities and authority of those University entities, officers, or employees authorized to sign contracts on behalf of John Carroll University (“the University”). No University employee has authority to sign a contract or agreement on behalf of the University unless:

1. permitted by the University’s Code of Regulations,
2. permitted in a written delegation from the Board of Directors or the President, or
3. authorized in a delegation schedule provided for under this Policy.

Before approving or signing any agreement, all University employees are expected to ensure that the agreement is in the best interests of the University, has received the required institutional approval, and has been signed on behalf of the University by an individual authorized to do so.

II. **PURPOSE:** To specify the individuals who are authorized to approve and sign an agreement on behalf of the University, and to define the process for delegating signatory authority. This Policy also sets forth the parameters for approval of contracts by University leadership and the review of contracts by the Office of Legal Affairs, as appropriate.

III. **SCOPE:** All employees of John Carroll University.

IV. **DEFINITIONS:**

Contract: An agreement in which the University is one of the parties and which will legally bind the University to rights and/or obligations.

Delegate: An individual who has been delegated authority by the University Board of Directors or a University Officer to approve and sign a Contract on behalf of the University.

University Officer (hereinafter “Officer”): An Officer of the University as defined in the University’s Code of Regulations, includes the Chair of the Board of Directors, any Vice Chair of the Board of Directors, the President, any vice president (but not associate or assistant vice presidents unless so

delegated), the Corporate Secretary, the Treasurer, and any other University employee recommended by the President and approved by the Board to be an Officer.

- V. **PROCEDURES**: This Policy applies to all contracts and agreements that bind the University with an outside third party (i.e. memorandum of understanding, affiliation agreements, research agreements, purchase orders, etc.).

A. Contract Process

1. Written and Signed Contract: For the University to be bound by rights and/or obligations of an agreement, the Contract must be in writing and signed by a person authorized in this Policy.
2. Conflicts of Interest: Officers or Delegates may approve and/or sign Contracts only if they have no conflict of interest related to the subject of the Contract and they are acting in good faith and in the best interests of the University in approving and/or signing the Contract.
3. Contract Requirements: Before signing, signatories should ensure that the Contract complies with University policies, represents a reasonable business deal as determined by the signatory and/or applicable Officer, and that the University can meet its financial and other obligations under the Contract.
4. Approval of Business/Financial Terms: The business and financial terms of all Contracts must be reviewed and approved by the appropriate University Officer or dean, or their Delegate.
 - a. Contracts with an aggregate value or cost of more than \$10,000 must be approved by the Executive Vice President & Chief Financial Officer or a designee of the Executive Vice President & Chief Financial Officer with explicit written authorization.
5. Approval of Legal Terms: The legal terms of a Contract must be reviewed and approved by the Office of Legal Affairs, except as provided in the Legal Review and Approval, Section IV.B.
6. Signature: After a Contract's business terms have been reviewed and approved by the department and/or appropriate Officer or Delegate, and the legal terms have been reviewed and approved by the Office of Legal Affairs when appropriate, the Contract initiator and/or the Office of Legal Affairs will obtain an appropriate University signature from an authorized signatory under this Policy.
 - a. All University Contracts must be signed by a University Officer, or their Delegate.

- b. All Contracts entered into on behalf of the University must be signed using the name of the University, and not using the name of a particular department, college or school of the University.

B. Legal Review and Approval

1. Except as provided below, all the legal terms of a Contract with an aggregate value or cost equal to or greater than \$10,000 must be reviewed and approved by the Office of Legal Affairs.
2. In addition, the Office of Legal Affairs must review any Contract involving (1) an indemnification provision for either party's actions, (2) a provision requiring either the University or the other party to have insurance for claims related to the Contract, or (3) when the Contract entails greater than normal financial or personal risk to the University or its students, faculty, staff or third persons.
3. Contracts with a limited stated cost or value (i.e. affiliation agreements, research agreements, waivers, etc.) may nevertheless pose risks to the University. Therefore, individuals with authority to approve or sign such Contracts are encouraged to contact the Office of Legal Affairs for legal advice or for assistance with questions.
4. Exceptions to Legal Review: The following do not require review from the Office of Legal Affairs:
 - (a) Pre-approved form Contracts reviewed by or provided by the Office of Legal Affairs, as long as the Contract language has not been materially altered except for business terms;
 - (b) Contracts that have been previously approved by the Office of Legal Affairs without material modifications;
 - (c) Contracts with an aggregate cost or value of less than \$10,000 and that do not involve one of the indemnification, insurance or risk issues cited in B.2. above;
 - (d) Routine purchasing Contracts initiated or overseen by the University Purchasing Office as part of their normal duties under the following circumstances:
 1. The Purchasing Department may issue purchase orders on behalf of the University, provided that prior to issuance of a purchase order:
 - The Purchasing Department has approved a Contract with standard University terms and conditions and signed in accordance with this Policy;

- Has signed a Purchase Requisition with standard University terms and conditions that has been prepared and signed in accordance with University policies and procedures; or
 - The Purchasing Department has received written authorization from the Executive Vice President & Chief Financial Officer to conduct other routine purchasing processes without legal review.
2. The Purchasing Department may contract for the purchase of certain items without legal review up to the limits of its Delegation of Authority. Typical examples of such purchases would include:
- Consumable supplies;
 - Routine parts purchases; and/or
 - Routine equipment purchases and related equipment maintenance contracts.
- (e) Standard gift agreements and endowment agreements generated by University Advancement/Development;
- (f) Letters of credit, lines of credit and/or loan agreements approved by the Executive Vice President & Chief Financial Officer; and
- (g) Other Contracts that the Office of Legal Affairs determines do not require legal review and approval.

C. Authority to Approve and Sign Contracts or Transactions

To sign a Contract on behalf of the University, a University employee must have the proper authority. The authority for approving and signing Contracts is as follows:

1. Board Approval Required. The Board of Directors or the Executive Committee of the Board of Directors retains authority to approve and execute certain Contracts and transactions on behalf of the University, under the University's Code of Regulations and/or the Board of Directors Resolution Regarding Delegation and Retention of Board Authority. Among others, the following Contracts, agreements or transactions require approval from the Board:
- (a) Contracts with a cost or value that equals or exceeds \$5,000,000;
 - (b) Authorization for settlement of lawsuits whose value equals or exceeds \$1,000,000;
 - (c) Purchase, sale, exchange, or transfer of complete or partial interests in real property except for the purchase of real property identified 1) as part of the Campus Master Plan and 2) having a cost or value of less than \$1,000,000;

- (d) The lease or sublease of real or other property by the University as lessee, with annual or aggregate rental value that equals or exceeds \$1,000,000 and renewals of such lease or sublease;
 - (e) Purchase, sale, establishment, or dissolution of University-affiliated organizations including corporations, partnerships, or other legal entities; and/or
 - (f) Selection and retention of independent financial audit firms to conduct mandatory financial attestation or compliance audits or both, and Contracts of \$10,000 or more for non-audit consulting services with any independent financial audit firm.
2. Payments and Actions. The following payments or actions must be signed by any *one* among the President, Treasurer/ Executive Vice President & Chief Financial Officer, or any vice president of the University:
- (a) checks, drafts or other orders for the payment of money (i.e. electronic funds transfers),
 - (b) actions in respect of the purchase or sale of securities, and
 - (c) actions in respect of the general administration of trust and agency depository accounts of cash or securities, whether or not such accounts are under the formal agency agreements.
3. Payment Endorsement. Checks, drafts and other orders for the payment of money made payable to the University may be endorsed by any *one* among the President, Treasurer/ Executive Vice President & Chief Financial Officer, or a vice president of the University.
4. Real Property Financing. Except as provided for in Section IV.C.1(c) above with respect to real property, the procurement of loans, lines of credit, or other financing, and performance as surety, in amounts or at a value that equals or exceeds \$1,000,000, must be executed by any *two* among the President, Executive Vice President & Chief Financial Officer, and/or any vice president of the University.
5. Authority to Sign All Other Contracts and Transactions.
- (a) Other than as provided above, Officers have the authority and responsibility to negotiate and enter into Contracts and other arrangements to facilitate the strategic plan and goals of the University, its programs and activities.
 - (b) The President will delegate authority to those Officers who are vice presidents, permitting them to enter into Contracts on behalf of the University. In delegating authority, the President may impose restrictions on the aggregate values/dollar amount, subject matter

and term of any authority of a vice president to approve and sign Contracts on behalf of the University.

- (c) Officers normally shall approve and sign Contracts that fall within their area of authority. However, when necessary, any Officer has the authority to approve and sign Contracts on behalf of the University, as needed and consistent with the limitations in this Policy and the authority delegated to them.
- (d) The President and other Officers who are vice presidents may delegate their authority to other University employees as set out in Section IV.D, below (referred to as “the Delegates”). These Officers may impose restrictions on the value/dollar amount, subject matter and term of any authority of a Delegate to approve and sign Contracts on behalf of the University.

D. Delegation

1. Delegation of Authority. Officers with authority to execute Contracts under Section IV.C.5 above may delegate signatory authority to a Delegate. Delegates must be University employees. The delegated signatory authority may be limited by value/dollar amount, subject matter and/or term. The signatory authority delegated to a Delegate may not exceed the authority granted to the Officer who is delegating authority.
2. Delegation Process.
 - (a) All delegations of signatory authority must be expressly granted in writing outlining any limitations on authority such as aggregate value/dollar amount, subject matter and/or term of the Contract. A delegation letter should be used to delegate authority to sign Contracts to a Delegate, other than a temporary delegation described below.
 - (b) The President’s Office will be provided with a copy of all delegations of authority.
 - (c) The Office of Legal Affairs shall compile a current list of the delegations in a Delegation Schedule, which shall be available on the Legal Affairs webpage (sites.jcu.edu/legalaffairs/).
 - (d) The President or any Officer delegating authority may revoke a delegation at any time.
 - (e) Delegations of authority will automatically terminate if the authorized person ceases to be employed by the University or no longer holds the position specified in the delegation.

3. Temporary Delegations

- (a) When necessary, Officers may delegate signatory authority to another University employee on a temporary, short-term basis because the Officer will be unavailable to execute Contracts for a period of time (such as related to vacation, short-term leave etc.). The Officer's delegation of signatory authority must be granted in writing and should include any limitations on authority such as dollar amount, subject matter and/or term of the delegation of authority.

E. Retention of Contracts

1. Once a Contract has been signed, the fully executed contract should be retained by the department or office initiating the Contract.
2. If the Office of Legal Affairs has provided legal review of a Contract, a copy of the fully executed Contract also should be provided to the Office of Legal Affairs by the Contract initiator.