



## **Contract Review, Approval, and Signature Authority Policy**

### **A. Introduction**

Santa Clara University enters into hundreds of contractual agreements each year with third parties that provide for a wide array of activities involving the use of University funds, facilities, personnel, and other resources or that otherwise create legally binding obligations. This policy describes the advance review and approvals that are required before a contract is signed, delineates the authority for the signature of contracts on behalf of the University, and sets forth the recordkeeping requirements for contracts involving University resources.

This policy applies to any type of agreement that obligates the University to provide payment, services, goods, or use of University property, facilities, personnel, or other resources to a third party, or that otherwise involves something of value being exchanged between the University and a third party. Contractual agreements governed by this policy include, but are not limited to, service agreements, leases, licenses, facility use agreements, purchase agreements, design contracts, engineering contracts, construction contracts, consulting agreements, grants, research agreements, affiliation agreements, field site agreements, performance agreements, sponsorship agreements, gift agreements, speaker agreements, and any other contracts that involve the use of University funds, facilities, personnel, or other resources. This policy does not govern the execution of employment agreements, which are subject to the requirements of the Provost's Office and Human Resources.

### **B. Contract Initiation, Negotiation, and Review**

Each contract must have a designated Contract Administrator, the University employee who is responsible for coordinating the initiation, negotiation, review, and approval of a contract, and for overseeing the proper performance of all contractual commitments. Each contract also must have a designated Contract Approver, the University employee who has been granted the authority to sign contracts on behalf of the University, either through a Board Resolution or through a written delegation of contract signature authority from the President, the Vice President and Provost, or the Vice President of Finance and Administration.

Contract development should begin as soon as the need for a contract is clear. At the outset of any contractual discussions, the Contract Administrator should identify and consult with any University departments that will need to provide technical support, resources, facilities, personnel, or other services to fulfill the University's obligations in the contract.

The Contract Administrator is responsible for reading the entire contract and determining that the contract and its terms:

- Are consistent, clear, and accurately reflect the intentions of the parties;
- Comply with all applicable University policies;
- Meet operational and programmatic requirements;
- Are supported with adequate funds from an approved budget to cover the expenses;
- Are in the best interest of the University; and
- Do not constitute a conflict of interest for the parties affected by the contract.

If a Contract Administrator does not understand the contract, or is uncomfortable with any of its terms, they should consult with their supervisor or with the Office of the General Counsel.

### **C. Advance Review and Approval by Other Departments**

To ensure consistency across the University, contracts involving certain terms or operating activities must be reviewed and approved by a designated department. For example:

- **Software Licenses, Cloud Services, and Technology.** The Chief Information Officer, or designee, must review and approve all contracts involving technology that connects to the University's network, transmits data to or from University systems, stores University data, requires technology support from Information Services, where Information Services labor is required to install, maintain, or enhance the technology, or that poses a potential privacy or security risk to University systems, users, or data.
- **Insurance Obligations.** Contract provisions that require the University to provide or secure insurance or to name third parties as additional or named insureds must be reviewed and approved by the Director of Risk Management or the Office of the General Counsel.
- **Banking and Credit Card Processing.** Contracts requiring the receipt of cash or credit card processing on behalf of the University and/or requiring the University's banking information for reasons other than processing a wire transfer must be reviewed and approved in advance by the Finance Office.
- **Accounting and Tax Obligations.** Contracts for the provision of goods or services by the University that fall outside the University's traditional education and research functions may give rise to accounting or tax payment obligations and must be reviewed and approved in advance by the Finance Office or the Office of the General Counsel.
- **Construction, Renovation, Repair, or Maintenance Projects.** All contracts for construction, renovation, repair, or maintenance projects must be reviewed and approved in advance by University Operations.
- **Real Estate Acquisition or Leasing.** All real estate acquisitions and/or leasing of property must be reviewed and approved by the Finance Office.
- **University Investment Management.** All matters pertaining to the University's investments and endowment are handled exclusively by the Investment Office in consultation with the University's Investment Committee in accordance with their approved policies and procedures.

### **D. Advance Review and Approval by the Office of the General Counsel**

All contracts requiring the University to pay an aggregate sum of at least \$5,000 must be reviewed and approved in advance by the Office of the General Counsel. The splitting of contracts into

multiple transactions to remain below that threshold is prohibited. In addition, regardless of the amount of the contract, all contracts that involve unique risks and liability to the University, exceed one year in commitment, include indemnification or insurance provisions, or contain a proposed term that provides for jurisdiction outside Santa Clara County in the event of a dispute must be reviewed and approved by the Office of the General Counsel. After finalizing and approving the form of the contract, the Office of the General Counsel will inform the Contract Administrator, who will then be responsible for securing the signature of the Contract Approver and the authorized signer from the third party.

Exceptions to this advance review requirement are contracts using templates previously approved by the Office of the General Counsel, so long as the template is used for the particular type of transaction and/or vendor for which its use was approved. If a template agreement is approved, the department is responsible for submitting the template to the Office of the General Counsel at least every three years for further review and approval.

### **E. Contract Signature Authority**

The Board of Trustees by Resolution has established the authority to execute contracts on behalf of the University and permitted the President, the Vice President and Provost(s), and the Vice President of Finance and Administration to delegate certain contract signature authority, provided the delegation is in writing.

Delegations of contracting authority must be made pursuant to this policy. An individual who has not received a written delegation of authority to sign contracts is not authorized to sign agreements that purport to bind the University. The University retains the authority not to recognize an agreement as binding against the University unless all signatories to the agreement have proper contract signature authority as of the date the contract was entered into.

All delegations of contract signature authority must:

- Be in writing
- Be made to specific position titles, not named individuals
- State the scope of the delegation (e.g. a specific vendor/contract only, contracts under a certain dollar amount)
- Specify the need for advance review pursuant to this policy
- Be copied and maintained in the offices of the Contract Approver, with electronic copies sent to the Office of the General Counsel and the Finance Office.

The Office of the General Counsel will maintain the current list of authorized contract signers.

### **F. Execution of Contracts by Contract Approvers**

Officials and other employees with signature authority are responsible for assuring the following before executing a contract:

- They understand what is being approved;
- The supporting documentation is accurate and complete;
- The transaction is allowable, reasonable, and justified;
- There are adequate funds from an approved budget to cover the expense;

- The funding source is appropriate for the expenditure;
- No real or perceived conflict of interest on the part of the individual(s) or department(s) involved in the transaction exists; and
- Appropriate consultation has taken place with the departments impacted by the contract.

#### **G. Conflicts of Interest**

University officials or designees with contract signature authority must exercise that authority in a manner consistent with the University's Conflicts of Interest policies. Similarly, any Contract Administrator or other University employee who is involved in any way in the contract administration process (e.g. selecting the third party with whom the University will contract, negotiating the terms and conditions of the contract, carrying out the University's responsibilities under the contract, or interacting with the third party as a representative of the University) must exercise that authority in a manner consistent with the University's Conflicts of Interest policies. Any actual or perceived conflicts of interest must be reported to the individual's supervisor so that they can be appropriately reviewed and managed.

#### **H. Record Retention**

The University official or designee executing the contract is responsible for maintaining the original fully-executed contract, including all attachments. In addition, the University official or designee executing the contract shall provide an electronic version of the fully-executed contract to the Office of the General Counsel.

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