



Policies and Procedures

Policy Title:
**Contract Negotiation, Review, Approval
and Signing Authority**

Policy No.: 5702
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Responsible Office: Office of the President
Responsible Official: President

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• **The Introduction:**

Scope

This Administrative Policy sets forth the authority, limitations and responsibilities of the University of New Haven's 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" (as defined in Section 5702.1(a) below) 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.

Policy Statement

Pursuant to Section 4.5(a) of the University's Bylaws (*viz.*, the Second Amended and Restated Bylaws, dated June 23, 2006), 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 which is set forth in this Policy.

Reasons for the Policy

In brief, the reasons 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 (*for example*: the Vice President for University Advancement and the various levels of said Vice President's subordinates), all appropriate persons are fully aware of the contractual commitments that can be properly entered into within that line of authority.

• **The Policy Sections:**

5702.1 Definitions

(a) **Contract.** The term "Contract" (*broadly defined*) shall include (without limitation) *any* written document, such as an agreement, purchase order, memorandum of understanding, memorandum of agreement, letter of intent, collaboration agreement, affiliation agreement, gift acceptance agreement and any other written document (or any written renewal or amendment

thereof), which commits the funds, personnel, equipment, property or facilities of, or otherwise purports to legally bind, the University in an amount equal to or in excess of Ten Thousand (\$10,000.00) Dollars. (See Sections 5702.1(b) and 5702.9 below with regard to the special provisions in connection with “Personal Services Contracts”.) In addition:

(i) In sum, all Contracts that create an obligation of the University, regardless of the duration of the contractual performance (*e.g.*: regardless of whether the Contract is to be performed within one day or over a term of many months or years), must be negotiated, reviewed, approved and executed in strict accordance with this Policy. In no event shall a Contract be broken down into separate agreements or installments in order to attempt to bypass the \$10,000.00 threshold requirement or in order to attempt to bypass any contract maximum duration requirements that are set forth in this Policy.

(ii) All Contracts shall be in writing and executed in accordance with this Policy. Therefore, no commitment shall be binding against the University which is undertaken pursuant to an oral commitment/agreement or which is undertaken pursuant to a written but unsigned agreement.

(iii) Each Contract is subject to this Policy, regardless of whether it has been drafted by the University, by the vendor or by a third party.

(b) **Personal Services Contracts.** A Personal Services Contract is a University agreement (and regardless of amount thereof – *i.e.*, it can be an agreement for an amount less than, equal to or in excess of \$10,000.00) pursuant to which an outside contractor provides personal services (such as consulting work) to the University.

(c) **The VPF.** The VPF is the University’s Vice President for Finance. The Associate VPF is the University’s Associate Vice President for Finance.

(d) **An Authorized University Official.** An authorized university official (an “A/U Official”) is an Officer or other administrative employee of the University who is authorized by this Policy to sign a Contract. The A/U Officials are: (i) the President; (ii) the VPF; (iii) the other Officers and senior officials who are specifically authorized in this Policy; and (iv) the University officials who have been delegated specific authority by the President pursuant to Section 5702.3(b) hereof.

(e) **Contract Riders.** A Contract rider (or, addendum) is a binding legal document that may be attached to a Contract. Riders may arise from a vendor, or the University may use a standard rider. Departments may work with the VPF in developing a rider. All riders shall be attached and shall be in appropriate form at the time the Contract is submitted for review and approval. (In the event that a rider is to be added to a Contract subsequent to the (original)

execution of the Contract, then: (i) the rider, regardless of the amount thereof, shall be negotiated, reviewed, approved and executed in accordance with this Policy; (ii) an executed copy thereof shall be given to the VPF; and (iii) the rider shall be attached to the Contract in the University's files.)

(f) **Standard Form Contract.** A Standard Form Contract is a contract intended for routine and regular use in a form that has been approved by the VPF for legal sufficiency and content. Once a Standard Form Contract has been established, it is not necessary for the VPF to review the wording of each individual Contract, unless the dollar amount or duration of the Contract exceeds the contract authority that is set forth in this Policy for the particular A/U Official, or unless the standard form has changed. (Examples of a Standard Form Contract include: Purchase Orders; Honorarium Agreements; and Personal Service Agreements.)

(g) **Notices and Approvals.** Any notice or approval that is to be given in connection with this Policy shall be in writing and shall be transmitted via hand-delivery, fax, e-mail or other appropriate means.

(h) **Delegation of Authority.** Any delegation of contract authority pursuant to this Policy, except for contract negotiation or review authority, shall be in writing (and a copy thereof shall be sent to the VPF).

(i) **The Board's or Board Chairperson's Authorizations.** Said terms refer to the authorizations, when required, by the University's Board of Governors, or by the Board Chairperson, giving approval to a particular Contract and then giving permission to the President or to the VPF to execute the approved Contract. (See Section 5702.2 below).

5702.1A The Contract Sequence and Requirements.

(a) **The Responsibilities of each A/U Official.** Prior to signing a Contract for which he/she is authorized pursuant to this Policy, each A/U Official: (i) shall ensure that the draft of the Contract has been properly negotiated and reviewed by him/her (or by a qualified University employee to whom he/she has delegated such negotiation and/or review authority – See Subsection (b) next below); (ii) shall then have the draft Contract reviewed and approved by the VPF (unless it is an approved Standard Form Contract) before it can be signed by the A/U Official; (iii) shall execute the Contract in accordance with this Policy; and (iv) shall promptly send a copy of the executed Contract to the Office of the VPF.

(b) **An A/U Official's Delegation of Authority to Negotiate and/or Review Contracts.** An A/U Official, in his/her discretion, shall have the authority to delegate to a qualified University employee the responsibility to negotiate and/or review a draft Contract.

(c) **The Protocols regarding Contracts that require the approval from a second A/U Official.** If an A/U Official were to require the approval from another A/U Official in order to execute a Contract, then, the Contract shall be timely submitted to the second A/U Official for his/her written approval in accordance with Section 5702.5(b)(ii). (*For example:* if the Provost needs to execute an Academic Contract that has a financial commitment of \$175,000.00 and with a contract duration of 24 months, then: (i) the Provost shall submit it to the VPF for approval; (ii) the VPF shall review it, and if appropriate, approve the same; and (iii) upon the Provost's receipt of the VPF's written approval, then, the Provost shall execute the Academic Contract.)

5702.1.1 Adequate Funding. Prior to approving or signing any Contract, an A/U Official shall confirm with the Office of the VPF that adequate funds have been authorized for, and are available to be timely paid in connection with, the Contract.

5702.1.2 Conformance with the University Mission and Policies. An A/U Official who reasonably believes that a draft Contract may be inconsistent with the University's Mission or policies, or that it may adversely affect the University's reputation or its best interests, shall then promptly bring such information to the attention of the President and/or the VPF as may be appropriate.

5702.1.3 Conflicts of Interest.

(a) **Definition.** This Policy is subject to the terms and conditions of the University's Conflicts of Interest Policy. More specifically, a conflict of interest shall exist if a University employee knows that, at the time of the commitment by the University with regard to the subject transaction: (i) the employee or a related person (or a related entity) is a party to the transaction; (ii) the employee has a beneficial interest in the transaction; or (iii) the employee is so closely linked to the transaction which is of such financial significance to the employee or a related person (or a related entity) that said interest would be reasonably expected to exert an influence on the employee's judgment if the employee were called upon to approve the transaction.

(b) **The Result in the event of a Conflict.** Accordingly, if a conflict of interest were to arise with regard to a University employee who has contract negotiation, review, approval and/or signing authority, the conflicted employee: (i) shall immediately recuse himself/herself from any further involvement in any aspect of the contract process; and (ii) shall immediately disclose the conflict to his/her superior who is an A/U Official. In such event, the superior shall assume the responsibility for the Contract or shall arrange for the appointment of a substitute responsible administrator.

5702.2 The Board of Governors Authorizations. In connection with a Contract for any of the following matters, the Board shall authorize (via a resolution) the President or the VPF to execute such a Contract, *viz.*: (i) construction of new major buildings and major renovations to existing buildings; (ii) certain leases of real estate and facilities for University use described in Subsection (a) below; (iii) certain collective bargaining agreements referred to in Subsection (b)(i) below; (iv) Contracts by which the University incurs debt and which are secured by a mortgage and/or pledge of real or personal property owned or to be acquired by the University; (v) Contracts involving the establishment or discontinuance of a college or other significant division of the University; and (vi) the other Contracts which are identified in Subsections (b) and (c) below.

(a) **Major Leases.** Subject to the Board Chairperson's Authorization authority (*See* Subsection (c) below), Board Authorization shall be required with regard to all major leases of real estate and facilities for use by the University where the rent for the University's first fiscal year of the lease term is not contained in a budget approved by the Board or where the rent exceeds such budgeted amount by more than 15%.

(b) **Other Contracts.** Board Authorization shall be required with regard to: (i) collective bargaining agreements that cover University employees not previously subject to collective bargaining; (ii) a purchase or sale of any real estate; or (iii) agreements which, in the judgment of the President or the VPF have significant financial ramifications, involve significant matters of academic or administrative policy, or for any other significant reason would require authorization from the Board or from the Board Chairperson, as the case may be.

(c) **The Board Chairperson's Authorization Authority.** In addition to the above, in connection with all other Contracts with a financial commitment in excess of \$500,000.00 or with a contract duration of more than 5 years: (i) the Board Chairperson's Authorization shall be required for any Contract in excess of \$500,000.00 and up to \$850,000.00; (ii) the Board Chairperson's Authorization, plus the approval of the Board Vice Chairperson, shall be required for any Contract that is more than \$850,000.00 and up to \$1,000,000.00 and that is for a duration not exceeding 7 years; and (iii) the Board's Authorization shall be required for any Contract that is more than \$1,000,000.00 or for more than 7 years in duration. Provided, however, with regard to any of the following Contracts which exceeds \$1,000,000.00 and which is for a duration of 7 years or less, the Contract can be approved via the Board Chairperson's Authorization, together with the Board Vice Chairperson's approval thereof: (i) a utilities Contract (*e.g.*: a long-term Contract for the purchase of electricity, natural gas or other utility commodity); (ii) an employee benefits Contract (*for example*: medical, life or long-term disability insurance; a retirement plan; and so forth); or (iii) a Contract for the off-campus leasing of student housing. (Specifically in the context of a utilities Contract, and in order for the University to be able to act expeditiously

when required in order to “lock in” a rapidly changing price and/or length of contract, the VPF – upon the advice of the University’s energy contracts consultant– shall be entitled to give to the Board Chairperson and Vice Chairperson in advance a narrow range of recommended price and/or contract terms so that they can in turn authorize the VPF to promptly execute the utilities Contract if and when the narrow range’s price and/or contract terms have been met.)

(d) **The pre-submission Contract review and approval by the VPF or President.** Contracts requiring the Board’s Authorization, or the Board Chairperson’s Authorization (including Contracts that additionally require the Board Vice Chairperson’s approval), shall first be reviewed and approved by the VPF or by the President prior to its submission to the Board or to the Board Chairperson, as the case may be, for authorization.

5702.3 The President’s Contract Execution Authority.

(a) **The General Authority.** The President has contract execution authority up to \$500,000.00 and with a maximum contract duration of 5 years or less. Contracts to be executed by the President which are in excess of \$250,000.00 and up to \$500,000.00 shall have the prior approval of the VPF. Upon the President’s approval of a Contract, a Contract may be signed by the VPF upon the request of the President.

(b) **Delegation of certain Contract Authority.** The President shall have the right to delegate contract authority, as follows: (i) in his discretion, he may delegate to a qualified University Officer or other employee the contract execution authority of up to \$50,000.00 and with a maximum contract duration of 12 months (which delegation shall be in writing, with a copy to the VPF); and (ii) the President shall have the right, in his sole discretion, to terminate said delegated authority at any time, which termination shall become effective upon the President sending written notice thereof to the subject employee (with a copy to the VPF).

5702.4 The VPF’s Contract Execution Authority. Except as otherwise provided in this Policy, the VPF shall have execution authority for Contracts with a financial commitment of up to \$250,000.00 and with a contract duration of 24 months or less. Other than Contracts that have been approved by the President, any Contract to be signed by the VPF and which is for a financial commitment in excess of \$150,000.00 and up to \$250,000.00 shall have prior approval by another Vice President or by the Provost.

5702.5 The Vice Presidents’ and Provost’s Contract Execution Authority.

(a) **The Vice Presidents' Authority.** Except as otherwise provided in this Policy, the Vice Presidents (other than the VPF) shall have execution authority for Contracts with a financial commitment of up to \$100,000.00 and with a contract duration of 12 months or less. Provided, however, that any unusual financial arrangements in such Contracts shall be reviewed and approved by the VPF, and any Contract to be executed by a Vice President shall have prior approval from the VPF.

(b) **The Provost's Authority.** Subject to the limitations in the next sentence, the Provost shall be the A/U Official with the authority to approve and sign all academic Contracts on behalf of the University, such as academic affiliations, study abroad programs, faculty appointment letters and Contracts for University speakers or other visitors. With regard to said Academic Contracts: (i) the Provost shall have execution authority for a financial commitment of up to \$250,000.00 and with a contract duration of 24 months or less; (ii) in the foregoing context, if an Academic Contract has a financial commitment over \$150,000.00 and up to \$250,000.00, the Provost shall first receive the approval of the VPF; and (iii) the VPF shall approve the text of all Academic Contracts to be executed by the Provost (regardless of the amount thereof).

5702.6 Associate VPF's Contract Execution Authority and Contract Review and Approval Authority.

(a) **The Contract Execution Authority.** The Associate VPF shall have execution authority for Contracts with a financial commitment of up to \$100,000.00 and with a contract duration of 12 months or less. Contracts without specific dollar spend thresholds (but which would not be reasonably expected to exceed \$100,000.00 in a 12-month period) and which provide for a commitment of University funds (*e.g.*: purchase cards; travel credit cards; and hotel, car and airline contracts) may also be signed by the Associate VPF, with appropriate consultation with the VPF. The Associate VPF may also sign all purchase orders up to \$100,000.00, provided that the underlying Contract in connection with the subject purchase order has been approved and executed in accordance with this Policy.

(b) **The Additional Authority.** With regard to any Contract up to \$150,000.00, the Associate VPF shall have contract review and approval authority; and the VPF shall have the authority to delegate his/her contract review and approval authority to the Associate VPF for Contracts in excess of \$150,000.00. In the context of a Contract that must be reviewed and/or approved by the VPF pursuant to this Policy, and in the event that the VPF is unavailable to timely review and/or approve a particular Contract, then, the Associate VPF shall have the authority to review and/or approve the subject Contract.

5702.7 Associate VP for Human Resources' Delegated Contract Authority. The Associate Vice President for Human Resources is authorized, as may be specifically delegated by the President, to sign particular offer letters or salary letters with a financial commitment of up to \$125,000.00 for a 12-month period for current or prospective University employees.

5702.8 Director of Purchasing's Delegated Contract Authority. The Director of Purchasing shall have execution authority for Contracts with a financial commitment of up to \$75,000.00 and with a contract duration of 12 months or less. Contracts without specific dollar spend thresholds (but which would not be reasonably expected to exceed \$75,000.00 in a 12-month period) and which provide for a commitment of University funds (*e.g.*: purchase cards; travel credit cards; and hotel, car and airline contracts) may also be signed by the Director of Purchasing, with appropriate consultation with the VPF or the Associate VPF. The Director of Purchasing may also sign all purchase order Contracts up to \$75,000.00 and with a contract duration of 12 months or less, provided that the Contract in connection with the subject purchase order has been approved and executed in accordance with this Policy. In the event that a Contract or purchase order Contract that the Director of Purchasing has already executed in accordance with this Section then needs to be amended, the Director of Purchasing (upon the approval of the VPF) is authorized to execute the amendment only if the total financial commitment in connection with the Contract or purchase order Contract, as amended, does not exceed \$100,000.00 and has a contract duration of 12 months or less.

5702.9 The Special Requirements Re: Personal Services Contracts.

(a) **The University's contract form must always be used.** All Personal Services Contracts (regardless of the amount thereof) shall be on a University contract form that has been prepared by the VPF; and the particulars of a Personal Services Contract (*e.g.*: the cost; the duration; the scope of services; and so forth) shall be approved by the VPF prior to its execution. In other words, *no* personal services to be provided to the University (*for example*, an outside contractor who is to provide consulting services to, and at the request of, a University Dean) shall be performed pursuant to a contract document that has been prepared by an outside contractor.

(b) **The Execution Requirements.** Once a Personal Services Contract has been approved by the VPF, then, it can be executed by an A/U Official in accordance with the other requirements of this Policy.

5702.10 Research Grants and Agreements. The VPF or the Associate VPF shall review all Contracts and other documentation for the receipt of any grants (from the Government or from

any other entity); and he/she may sign such Contracts for receipt of up to \$250,000.00; provided, however, that with regard to any such Contract which is in excess of \$100,000.00 and up to \$250,000.00 in amount, it shall first be approved by the President (or the Provost) and also by the VPF. Prior to signing, any unusual financial arrangements shall be reviewed and approved by the VPF. Any other Contracts for grants shall be reviewed and signed by the President (or the Provost) and by the VPF.

5702.11 Contracts for Acceptance of Gifts. The review, approval and signing of Contracts for the acceptance of gifts, including donations of cash, securities, property, in-kind goods or services, or pledges for such gifts shall be subject to the University's Gift Acceptance Policy. Contracts for the acceptance of gifts up to \$250,000.00 may be signed by the Vice President for University Advancement; and, prior to signing, any unusual financial arrangements shall be reviewed and approved by the VPF (*for example*: a proposed gift to the University of an illiquid asset that is partially debt-encumbered). All Gift Contracts in an amount in excess of \$250,000.00 shall require the approval of the VPF, and they shall be signed by the President (who may delegate signing authority to the VPF or to the Vice President for University Advancement). (The term, Gift Contract, shall include an agreement that a foundation or other entity may require to be executed by the University in order for its grant or other gift to be given to the University.)

5702.12 Legal Review by the General Counsel. The following types of Contracts may not be signed without the review and approval by the University's General Counsel: (i) Contracts involving a significant lease of, or the purchase or sale of, any real estate; (ii) Contracts involving the significant use by a third party of University facilities; (iii) Contracts requiring the University or University officials to provide significant indemnification or insurance to a third party; (iv) Contracts involving the licensing or use of the University's intellectual property, including trademarks or logos; (v) Contracts involving the University and in which members of the University community or third parties are engaging in high risk activities; (vi) Contracts pursuant to which the University provides significant off-campus educational programs; (vii) Contracts involving a significant waiver or release by the University or University officials; (viii) Contracts or agreements in connection with the settlement or compromise of any significant claim by or against the University that is in litigation, arbitration or mediation; (ix) Contracts involving a financial commitment of more than \$1,000,000.00; (x) Contracts with a duration of more than 5 years; or (xi) Contracts for which the President, the VPF or the Board Chairperson deem it prudent to have the advice and input of counsel. However, if a Contract were otherwise within the scope of this Section as requiring the advice of counsel, but in the event it is a Standard Form Contract previously approved by counsel, further review by the General Counsel shall not be required.

5702.13 The Adoption of, and Amendments to, this Policy.

(a) **The 4/16/10 Adoption.** In an exception to the Board of Governors’ customary governance protocol of having the University’s Administration prepare, adopt and implement the various University administrative policies as the Administration may deem appropriate in its discretion in connection with its management of the University, the Board has determined that it is prudent: (i) for the Board to have input with regard to the drafting of this Policy; and (ii) for the Board to approve this Policy, which approval it gave on April 16, 2010.

(b) **Any Amendments hereto.** In connection with any amendments that may need to be made from time to time with regard to this Policy: (i) the amendments shall be drafted by the Administration (with or without any drafting input from the Board, as the Board may decide), and shall then require the approval of the VPF; (ii) the VPF shall present each such approved amendment to the Board Chairperson; and (iii) upon the Board Chairperson’s approval thereof, the subject amendment(s) shall become effective.

5702.14 Posting this Policy on the Website. In order that the vendors to any potential Contracts, and any relevant third parties (*e.g.*: the suppliers of a vendor), are able to be duly aware of the strict requirements of this Policy, there shall be posted on the University’s website: (i) the entire Policy or a proper summary thereof; and (ii) the name and other relevant contact information of a person at the University who can be reached for further information regarding this Policy.

* * *

This Policy’s Contact Person:

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Amended:

•5/3/10 (Re: Section 5702.2(c))

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