



Policy on Contract Review and Approval

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Section 1. GENERAL

This policy defines the general process by which a contract involving the Board of Regents of the University System of Georgia (“Board”) by and on behalf of Fort Valley State University (“University”) might be (1) created; (2) reviewed and approved; and (3) appropriately signed by an authorized University official.

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.
- The terms of the contract must comply with Board and University regulations, and applicable local, state, and federal laws.

Prior to final signature, contracts need to pass through those offices having direct oversight for the activities (or their funding) and those assuring administrative, fiscal and/or regulatory compliance.

Section 2. 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, or to provide, obtain or rent services;

- Memorandum of Understanding or Cooperation with government agencies, universities, and other organizations for the accomplishment of particular purposes;
- Grants and sub-awards provided (funded) 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, volunteer and consulting agreements;
- Waivers and releases, and nondisclosure agreements;
- Material transfer agreements, intellectual property and software license agreements;
- Student or faculty exchange and joint staffing agreements.

Section 3. 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 negotiation; (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 director, and in some instances the Vice President with administrative oversight of the unit; (2) the University department chair and dean (if the requesting department/unit is an academic department), and in some instances the Vice President for Academic Affairs (Provost); (3) Director of Contracts & Compliance for all University contracts, the Director of Title III or Director of Sponsored Programs for all Title III/grant-related contracts, the Director of Procurement for purchasing-related contracts, and in all instances the Office of Legal Affairs as appropriate (see below when Legal must be engaged); (4) the Vice President for Business & Finance (CBO); and in certain circumstances, (5) the President. The following outlines the responsibility of each of these reviewing offices:

- **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/Unit Vice President**
 - Ensures that the review of the contract has taken place at the Department Chair/Unit Director level.
 - Assures that all of the criteria established for Department Chair/Unit Director consideration have been properly reviewed, and a determination made that the contract is in the best interest of the University.

- **Director of Contracts & Compliance**
 - 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 Board and University regulations, and applicable local, state, and federal laws.
 - Engages the **Office of Legal Affairs** in the following circumstance:
 - The terms of the agreement are ambiguous, confusing, or otherwise need legal analysis and input
 - The contract obligates the University for \$100,000 or more (except for circumstances where the contract is handled by Procurement pursuant to an approved purchase order and state contract)
 - A party to the contract insists on keeping certain provisions in the contract, such as:
 - Commits the University to defend, indemnify, hold harmless the party
 - Obligates the University to pay legal and other fees as damages
 - Requires the University to add the party as an additional insured on a University Policy
 - Limits the liability of the other party or requires the University to waive its legal rights
 - Requires that disputes be handled through mediation or arbitration, or requires that claims be litigated in a non-Georgia venue
 - Requires absolute confidentiality regarding the terms and conditions of the contract or the subject-matter generated from the contract
 - Any other provision that gives rise to concern where legal intervention is ideal

- **Director of Procurement**
 - Procurement related contracts adhere to purchasing-specific policies and procedures.
 - Assets not covered under state contract (between \$5000 and \$25,000).

- **Director of Title III and Office of Sponsored Projects**
 - **Works to ensure compliance with research and sponsored program activities with Federal, State and private funder regulations.**
- **Vice President for Business & Finance or President**
 - Verifies that all appropriate signatures are intact, including Legal Affairs and/or Accounting Services/Grants/Title III and Contracts approval.
 - 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 and the Board of Regents to the terms of the contract.

Approvals from the above departments/units are to be endorsed in writing on an approval routing form attached to the front of the University contract (see Appendix A). These signatures apprise the authorized University signatory that the terms of the contract have been appropriately reviewed. Note that contracts related to subunits/affiliated organizations require the signature of the Vice President for Advancement in lieu of the Vice President for Business & Finance. Volunteer Agreements require only the signature of the Unit Director/Department Chair and the Vice President providing oversight of same. Purchase Orders only require the signature of the Procurement Director.

Section 4. AUTHORIZING SIGNATURES

All contracts involving the University must be signed by an authorized University official. The President must sign certain types of contracts, such as Dual Appointment and Borrowed Services Agreements. The President may sign any other type of contract for the on-going operations of the University. All other contracts may only be signed by University administrators who have authority delegated directly from the President to sign University contracts. With the exception of research agreements, which are signed by the Vice Provost for Research, volunteer agreements, which are signed by divisional Vice Presidents, agreements related to affiliated organizations, which are signed by the Vice President for Advancement, academic MOUs that do not contain within them financial, debt or payment implications, which are signed by the Provost, and Purchase Orders, which are signed by the Procurement Director, all other contracts must be reviewed and signed by the Vice President for Business & Finance.

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 may result in an employee's loss of liability insurance coverage, personal liability for all contractual obligations, and/or disciplinary action.

Section 5. SIGNATURE APPROVAL ROUTING TIMELINE AND FORMS

To assure the proper and timely routing of University contracts through the signature approval process, the University recommends the use of the approved routing form, as attached. This form should be attached to the front of the University contract. Individuals should expect the contract approval process to take up to 20 business days.

Section 6. CONTRACT RETENTION

The University complies with the Board's published record retention guidelines. Unless otherwise requested, departments/units should send a copy of final, executed agreements to Accounts Payable for payment and retention purposes; provided, however, the department/unit is responsible for maintaining copies of such agreements in its own files and for complying with the specific retention requirements. Any University contract provision dealing with document retention length must be satisfied, even if it requires a longer retention period than Board guidelines.

Section 7. CONTRACT ADMINISTRATION

Unless otherwise provided by University policy, the individual, or his/her designee, who initiates the signing of a University contract is responsible for properly carrying out the terms of the contract for the University. The Director of Contracts & Compliance maintains a database for the retention of University Contracts. It may be advisable for each University department/unit to establish its own database or mechanism for the tracking 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, as well as the responsible employee with unit/department level oversight of the contract with possible disciplinary action. If any contract administrator has any questions regarding these matters, he/she should contact the Director of Contracts & Compliance.