

UNIVERSITY CONTRACT POLICY **AND PROCEDURES**

This policy outlines the guidelines in which a contract that binds the University shall be created, the internal review process, and the authorized signatories for the University.

SECTION 1. UNIVERSITY CONTRACTS

For the purposes of this policy, North Carolina Agricultural and Technical State University shall only be bound by contracts where the University or any of its subunits is a party.

A contract is defined as an agreement between two (2) or more parties, one of which is the University or any of its subunits, intended to have legal effect. The parties must have a common understanding as to the essential terms; there must be mutual obligations; and there must also be consideration, or something of value exchanged. The University must have an interest at stake. In general, agreements are not University contracts if they are entered into solely on behalf of a foundation (including those affiliated with the University), a student organization, or purely private interests. Oral contracts can be binding and enforceable.

Examples of University contracts include: agreements for the purchase or rental of goods or services; nondisclosure agreements; agreements that set terms for acceptance for gifts; a sale, lease, or donation of University goods or services; liability waivers; athletic agreements; settlement of disputes; licenses; student or faculty exchange agreements; memoranda/letters of understanding or cooperation; contracts with hotels, convention centers or other facilities which require a written agreement; instructional agreements; assignment of the right of a person, group, or agency to use the University's name, logo or resources; etc. The following items do not require Office of Legal Affairs (OLA) review: NC State Term Contracts (e.g. copier rentals and associated agreements, scientific equipment, etc.); agreements for hotel room rentals; and gas cylinders. This list is not all-inclusive.

SECTION 2. ADMINISTRATIVE REVIEW

Any employee wishing to enter into contract negotiations, such as those described above, must have the cooperation and approval of any unit which may be implicated in performance of the contract. The employee initiating the contract shall be responsible for reading the contract entirely and determining that: (1) the contract is complete and the language accurately reflects the current state of negotiations; (2) the contract meets programmatic and University mission requirements; (3) the contract is in the best interests of the University; (4) the department can ensure compliance with the contractual obligations placed on the University; and (5) the contract is sufficiently clear and consistent.

Contracts Requiring Payment for Goods or Services

ALL CONTRACTS MUST BE SIGNED BY THE VENDOR BEFORE SUBMISSION TO THE ASSISTANT VICE CHANCELLOR FOR BUSINESS SERVICES (AVC/B&F). The initiating unit head must “INITIAL” the contract at the University signature line and submit it, along with a purchase requisition covering the total cost, to AVC/B&F. **PLEASE DO NOT SIGN THE CONTRACT!** Please note that the Division of Academic Affairs requires that all contracts that are submitted for chargeable events on or off campus be routed to the Office of Continuing Studies for review prior to submission to the AVC/B&F. Contracts submitted without the proper initials may result in processing delays. Subsequent to the review, the AVC/B&F will initial and date the contract and submit the entire package to the University Purchasing Office. Purchasing will review the requisition and contract to insure that (1) all Purchasing rules, regulations and procedures have been or will be complied with, and (2) funds are available to cover the total cost.

Purchasing will forward required contracts and agreements to the OLA for review as to legal form and validity.

Contracts Not Requiring Payment for Goods or Services

ALL CONTRACTS MUST BE SIGNED BY THE VENDOR BEFORE SUBMISSION TO THE ASSISTANT VICE CHANCELLOR FOR BUSINESS SERVICES (AVC/B&F). Contracts and agreements that do not require payment for goods and/or services should be submitted to the AVC/B&F for review. Subsequent to the review, the AVC/B&F will initial and date the contract and submit it directly to the OLA for review as to legal form and validity.

Review by Office of Legal Affairs (OLA)

The OLA may also determine what other institutional reviews are necessary prior to approving the contract. As a state agency, the University shall not enter into contracts that contain certain prohibited clauses. The review will ensure that the contract does not contain any of the prohibited clauses and is consistent with federal and/or state laws and the rules and regulations of the University. Upon approval of the contract, the OLA will send the contract, along with an endorsement in writing, to the Vice Chancellor for Business and Finance for execution.

Execution by Vice Chancellor for Business and Finance

The Vice Chancellor for Business and Finance will sign all properly executed contracts.

A copy of the approved contract and the original requisition with all associated attachments will be delivered to Purchasing.

The original contract will be returned to the initiating party for submission to the vendor. The initiating department *must* notify Purchasing when the final contract is rejected by the vendor so that the purchase order can be cancelled. It is incumbent upon the initiating party to obtain a

fully executed copy, and forward it to the Office of the Vice Chancellor for Business and Finance, when applicable.

SECTION 3. AUTHORIZING SIGNATURES

As a general rule, only the Chancellor and Vice Chancellor for Business and Finance have the authority to contract for and bind the University. **ANYONE ELSE WHO ENTERS INTO A CONTRACT THAT PURPORTS TO BIND THE UNIVERSITY OR ITS SUBUNITS IS ACTING WITHOUT AUTHORITY AND MAY BE HELD PERSONALLY LIABLE FOR THE CONTRACT.** The Vice Chancellor for Business and Finance will sign all University contracts except those for sponsored programs, EPA appointment letters and other contracts as designated by the Chancellor. The Vice Chancellor for Development and University Relations has authority for agreements relating to gifts and bequests.

Contracts for goods or services that require a competitive bid in accordance with the rules and regulations set forth by the North Carolina Division of State Purchasing and Contract shall be governed by the standard Terms and Conditions used in the bidding process in lieu of obtaining the signature of the Vice Chancellor of Business & Finance.

The Accounting Office will not issue a check for goods and services obtained in violation of this policy without a written justification substantiating why the contract was not presented in a timely fashion or was signed by an unauthorized person.