

**SOUTHERN METHODIST UNIVERSITY
POLICIES AND PROCEDURES**

GENERAL

POLICY NUMBER: 1.19

REVISED AS OF: December 14, 2015

POLICY ON CONTRACTS AND COMMITMENTS

I. PURPOSE

This Policy describes the proper delegation of authority to execute contracts with external entities that bind Southern Methodist University (the “University”) and all legal entities under its control.

II. SCOPE

This policy applies only to contracts between the University and a third party (i.e., a non-University entity). This policy does not apply to internal memoranda of understanding or similar agreements that govern internal relationships between University schools and divisions.

This Policy does not limit in any way the ultimate, and in some cases exclusive, power of the Board of Trustees of the University. Neither does it limit the power of the President pursuant to the Bylaws, nor does it limit the administrative powers of officers of the University to establish operating procedures relating to the review and approval of proposed contracts within their area of administration. This policy supersedes any conflicting practice, policy, delegations, or guidelines.

III. BYLAWS

The Bylaws of the University designate the President of the University as the chief executive and administrative officer of the University, and assign to the President the power to “execute all deeds, deeds of trust, bills of sale, assignments, transfers, releases, notes, obligations or contracts, or other instruments of the University as he/she shall deem appropriate or as the Board of Trustees may direct.” (University Bylaws, Article IV) The Bylaws also permit the President to delegate the power to execute contracts to a particular Vice President in the event of the President’s absence or in the event of his/her temporary inability to act.

IV. DEFINITIONS

- a. *Contract*: an agreement, regardless of form, between the University (acting in its own name or through a school or any operating unit) and one or more parties, or

an instrument delivered by the University to another entity, intended to have binding legal effect. Contracts may include, without limitation, letter agreements, memoranda of understanding, letters of intent, offers proposed for acceptance by the University or another party, purchase orders, and renewals or modifications of existing contracts. Contracts shall also include, for purposes of this Policy, renewals or modifications of existing contracts, certifications, filings, and other instruments executed and delivered in connection with a contract or in connection with any legal or regulatory requirements.

- b. *Signature Authority*: the power, delegated by the President pursuant to the Bylaws of the University or a Board Resolution, to execute contracts and thereby legally bind the University. Signature authority is distinct from specific “internal” authorization with respect to any particular contract, and it is therefore the responsibility of any University officers having signature authority pursuant to the Bylaws of the University or a Board Resolution to obtain any internal approvals required under this Policy, other University policies and procedures, or the protocols of any University operating unit prior to executing a particular contract.

V. POLICY

- a. Unless the power to execute contracts is delegated by the President pursuant to the Bylaws of the University or a Board Resolution, no University faculty member or employee is authorized to bind the University, or any operating unit, department, or “center” of the University, under the terms of a contract.
- b. It is the responsibility of anyone who presents a contract for signature and who signs a contract in the name of the University to read and understand the terms of the contract, assure that the contract has been reviewed and approved as set forth in this Policy and that the business terms of the contract are accurate, reasonable, and fair to the University.
- c. An employee who has a conflict of interest with respect to a contract does not have authority to sign the contract and must not be involved in the approval process with respect to the contract.
- d. Each school/department will appoint a designated Contract Lead(s) who will serve as the primary point of contact for all contract activities within a given unit managing the contracting process from inception to execution. Each Contract Lead will work closely with the Senior Contract Administrator as necessary to negotiate and conclude contracts, engage appropriate University resources with expertise in various areas of contract management and manage the contract after execution. The Senior Contract Administrator reports to the Vice President of Business and Finance with oversight from Vice President for Legal Affairs.
- e. Administrators who have signature authority to execute contracts must ensure that:

- i. The transaction conforms to all University policies and procedures;
 - ii. There are no conflicts of interest among the parties to the transaction;
 - iii. Liability to the University is minimized through an assessment of risk and insurance requirements; and
 - iv. The contract provides reasonable legal protection for the University.
- f. Except as determined by the Vice President for Legal Affairs, all contracts will be maintained on a central contract management system.
- g. Individuals who enter into unauthorized agreements may be personally financially responsible for the transaction and will be subject to disciplinary action.

VI. Office of Legal Affairs and Office of Risk Management Review

Pursuant to University Bylaws, Section 4.21, the Office of Legal Affairs will establish procedures for legal review and approval of contracts. All contracts will meet the requirements established by the Office of Legal Affairs and the Office of Risk Management.

VII. Related Documents and Policies/Links

- a. [Conflict of Interest Policy 1.16](#)
- b. [Code of Ethics 1.20](#)
- c. [Preferred Vendor and Exclusive Vendor Policy 3.11](#)