

University Policy: Contract Review and Approval

Policy Category: Finance and Business

Subject: Contract review and approval process

Responsible Executive: Vice President and Chief Financial Officer

Office(s) Responsible for Review of this Policy: Office of Finance and Treasurer

Supplemental Documents: [Delegation of Signatory Authority Chart, Office of Sponsored Awards and Research Administration, Memorandum of Agreements and Supplements Procedures](#)

Related University Policies: [Signatory Policy – Delegation of Signatory Authority, Procurement and Contracts Policy and Guidelines](#)

I. SCOPE

This policy defines the general process for review and approval of all contracts before execution by an authorized Signatory Authority and applies to all University community members.

II. POLICY STATEMENT

To support the University’s educational, research, and business operations, it is at times necessary to enter into agreements with other entities. Well-drafted contracts clarify and define the agreement between the parties and protect against unnecessary risks to the University’s resources and reputation. Contracts must satisfy three minimum criteria to be approved by an authorized Signatory Authority:

- The contract must be appropriate to the mission and operation of the University.
- The University must be able to supply the funds, expertise, and/or other resources necessary to successfully carry out its obligations under the contract.
- The terms of the contract must comply with University policies and procedures and applicable local, state, and federal laws.

Before final signature, contracts must be reviewed and approved by University officials having direct oversight for the activities or their funding and offices that ensure administrative, fiscal, and regulatory compliance.

III. DEFINITIONS

Contract: A contract is as an agreement between American University and a third-party, intended to

have legal effect or be otherwise recognized at law. A contract involves two or more parties and contains essential terms that reflect their respective mutual obligations and the existence of valid and sufficient “legal consideration,” meaning that something of value is exchanged between the parties. A contract may also be referred to as an agreement, memorandum of understanding, release, waiver, license, or lease.

Responsible Contracting Office: A Responsible Contracting Office (RCO) is the administrative unit within the university that seeks to establish a contractual relationship between the university and third party. Typically, the RCO manages a contract’s movement through the review process.

Signatory Authority: Signatory Authority means individuals identified in the [Delegation of Signatory Authority Chart](#) who are authorized, within the scope of their authority, to approve, execute, and acknowledge, on behalf of the University, all contracts that they determine to be necessary or appropriate to carry out University business.

IV. POLICY

A. Responsible Contracting Offices. University contracts are typically initiated, negotiated, and managed by a Responsible Contracting Office or RCO. The RCOs within the University are identified below with the corresponding types or examples of contracts for which each is responsible. Each RCO must establish procedures for the review and approval of contracts for which it is responsible. Among other things, the procedures must identify the University officials, by position, who have a role in the process and delineate their specific responsibilities for ensuring that all relevant issues within the scope of contract review, as defined below, are appropriately addressed

1. *Procurement and Contracts Department (PCD) of the Office of Finance and Treasurer:* Contracts related to the acquisition of goods and services are managed by PCD. Examples include professional services agreements (including those for speakers, artists, performers, etc.), “work made for hire” agreements, waivers and releases of legal liability, nondisclosure agreements, material transfer agreements, intellectual property and software license agreements, and leases of movable property, such as tools, equipment, vehicles.
2. *Office of the Provost:* Contracts related to affiliations, partnerships, or other cooperative relationships with educational institutions, government agencies and private organizations for local and international programs in support of academic initiatives and community outreach with a focus on academic programs, faculty research, and student exchanges. Examples include memoranda of agreement and supplements with other educational institutions or governmental entities, agreements related to study abroad programs, online education partnership agreements, articulation agreements, affiliation agreements, student or faculty exchange program agreements, experiential learning opportunities agreements, student internship agreements, clinical placement agreements, and faculty personnel documents.
3. *Office of Sponsored Awards and Research Administration:* Contracts related to grants and contracts with private or governmental sponsors that support University research, scholarship, teaching or creative activity. This includes non-disclosure agreements and teaming agreements related to proposal submissions and Interagency Personnel Agreements with federal government agencies.

4. *Office of Development and Alumni Relations*: Contracts related to gifts and bequests to the University, the naming of buildings or other University spaces, and the establishment of endowed or current-use funds.
5. All other contracts that do not fall clearly within the authority of the RCOs referenced above must be referred to the Office of General Counsel for processing.

B. General Requirements Applicable to all Contracts

1. Contracts can be signed only by an authorized Signatory Authority as defined in the Signatory Authority Policy.
2. The performance of work, ordering of goods, contracting of services or other activities related to a contract must not begin before the review and approval and signing of a contract as set forth in this Policy, unless authorized by the relevant Signatory Authority.
3. All contracts must identify American University as the contracting party. Individual schools, colleges, academic units, departments, offices, student organizations and/or individuals may not be named as parties to the agreement but may be referenced in the body of the contract. The official American University address is:

American University
4400 Massachusetts Ave, N.W.
Washington, DC 20016

4. No contract may be executed by the university unless it has been subject to a review and approval process that conforms with this policy and is managed by an RCO who is accountable for the following requirements:
 - a) the necessary review and approval have been completed and appropriately documented;
 - b) the contract language is accurate, complete, reflects the parties' negotiations, and is sufficiently clear so that the University's obligations are easily understood;
 - c) the contract is fiscally prudent and meets programmatic needs and University mission and operational requirements;
 - d) the contract is in the best interests of the University;
 - e) the requesting department or unit can furnish services, materials, funds, or other resources to carry out the University's obligations of the contract;
 - f) risks have been identified and effectively managed or mitigated;
 - g) the terms of the contract, as well as the context within which it was initiated and negotiated, conform to the University's Ethics and Integrity Policy and all other University policies and procedures, and applicable local, state, and federal laws;
 - h) the contract does not conflict with existing University contracts; and
 - i) specialized review has been conducted when relevant, such as that performed

by the Office of General Counsel, Office of Risk Management, Office of Information and Technology, University Communication and Marketing, University Budget Office, Controller's Office, and Human Resources.

C. Review by Signatory Authority Before Contract Execution

Once the reviews and approvals have been obtained under the relevant RCO procedures and this Policy, the contract may be submitted to the authorized Signatory Authority for review, approval, and execution in accordance with the Signatory Policy.

D. Contract Retention

The original or appropriate copy of a fully executed contract and supporting documentation of review and approval must be maintained by the RCO in accordance with the University Records Retention Policy. The department or unit that initiated the contract is also responsible for maintaining copies of such agreements in its own files.

E. Compliance and Enforcement

Failure to enforce the requirements set forth in this policy may expose the University to financial loss, legal actions, and claims of breach of contract or default. Further, the University does not recognize contracts signed by University employees or agents as binding on the University unless the employee is an authorized Signatory Authority. Employees who sign a contract without authority properly delegated pursuant to [the Delegation of Signatory Authority Chart](#) may be personally liable under the contract and may be subject to University disciplinary action, up to and including termination of employment.

V. EFFECTIVE DATE AND REVISIONS:

This Policy is effective as of April 20, 2023.