

Title/Subject: **PROCEDURES FOR GRANTING CONTRACTING AUTHORITY**

Applies to: faculty staff students student employees visitors contractors

Effective Date of This Revision: June 1, 2005

Contact for More Information: Contracting & Purchasing Services

Board Policy Administrative Policy Procedure Guideline

BACKGROUND:

Board of Trustees policy specifically addresses the issue of authorization to enter into contracts on behalf of Central Michigan University. The Board retains the right of approval for any contract exceeding \$200,000 and delegates contracting authority to the President for amounts up to \$200,000. The President may sign contracts up to \$200,000. Vice presidents may sign contracts up to \$100,000, and they may delegate authority to other University employees to sign contracts up to \$50,000. The president or a vice president must specifically delegate authority for a University employee to enter into contracts for Central Michigan University.

PURPOSE:

This policy describes the procedures for granting authority to individual employees for executing contracts on behalf of Central Michigan University.

DEFINITIONS:

A contract is **any** agreement between the University and another party, which is enforceable at law, whether or not it is titled "Contract." A contract includes any agreement made on behalf of the University in which legally enforceable commitments are made by or to the University. Other terms that are sometimes used include agreement, letter of agreement, letter of understanding, letter of engagement, memo of understanding, consortium operating agreement, etc. It includes open-ended agreements which require the use of a specific vendor whenever a particular product or service is obtained (sometimes called a "requirements contract"), or which set forth the terms which will apply if one party later decides to acquire the product or services of the other party. It may also include verbal agreements, although the university discourages using verbal agreements.

POLICY:

Only persons who have been delegated contracting authority according to the established procedures may execute a contract on behalf of Central Michigan University.

PROCEDURE:

A written request for a position to receive Contracting Authority is forwarded to the Provost or the appropriate Vice President.

Authority: M. Rao, President
History: No Prior History
Indexed as: contracting authority; granting contracting authority; executing contracts; signing contracts; authority to sign contracts; contracts – who can sign

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The approved request is forwarded to Finance and Administrative Services, Warriner Hall 104, through the Provost or appropriate Vice President.

The Finance and Administrative Services Office prepares a memo granting the Contracting Authority for the signature of the Vice President where the position is located and the President. This memo specifically outlines the types and dollar limits of contracts that the person in the position is authorized to sign. Once signed, the memo is returned to Finance and Administrative Services office.

Finance and Administrative Services sends a copy of the memo to the person in the position to whom authority is granted, the person's immediate supervisor, and to the President, Provost or appropriate Vice President in whose division the position is located. The official memo is filed in the Contracting & Purchasing Services office.

Finance and Administrative Services notifies Contracting & Purchasing Services, Risk Management and Insurance, Accounting Services, and Payable Accounting of changes in contracting authority status. When a position's contracting authority is no longer in effect, notification is required to the Finance and Administrative Services Office to update files.

Contracting & Purchasing Services maintains a web page that lists who is authorized to enter into contracts on behalf of the University.

*Central Michigan University reserves the right to make exceptions, modify or eliminate this policy.
This document supersedes all previous policies, procedures and directives relative to this subject.*