

CENTRAL MICHIGAN UNIVERSITY CHAPTER 12
MANUAL OF BOARD OF TRUSTEES
POLICIES, PRACTICES AND REGULATIONS **PAGE 12-21(R)**

SUBJECT: CONTRACTING AUTHORITY

The policy on contracting authority is revised to read as follows:

Contracting Authority Policy

The Board of Trustees, as the body having ultimate responsibility for the university, reserves to itself the authority for final action on all contracts where the authority is not delegated.

A contract, for purposes of this policy, 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.

A person with contracting authority may sign or execute contracts, thereby binding the university to their terms and conditions. Before signing a contract, the person should comply with the university’s procurement policy and complete a contract review process.

1. The Board’s contracting authority is delegated as follows:

- a. General Contracting Authority.** The president may bind the university in an amount not to exceed \$1,000,000 for any one contract. This dollar limitation does not apply to athletic competition contracts.
- b.** The president may delegate to vice presidents the authority to sign contracts binding the university in an amount for any one contract not to exceed \$500,000.
- c.** The president or a vice president may delegate authorization to other persons to sign contracts binding the university for specified sums per contract not to exceed \$250,000. Delegated contracting power shall be in writing, naming the position given the contracting power, the specific contracts the person in the position may sign, and the limitation in dollars for any one contract. This delegation of contracting authority, with the president’s or vice president’s signature, will be submitted to the vice president for finance and administrative services who will then place the document on file in the Office of Finance and Administrative Services.

2. In addition, the following contracting authority is delegated:

- a. Sponsored Research.** The provost is authorized to approve all Central Michigan University sponsored research (including grants and contracts). The Vice President for Research and Innovation is authorized to approve all Central Michigan University sponsored research (including grants and contracts), and the Vice President for Health Affairs is authorized to approve all industry sponsored clinical trial contracts, with such authority for both persons

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subject to their delegated contracting authority limits. The vice president for Advancement is authorized to accept all grants within the Advancement division, including grants for Public Broadcasting. The Office of Research and Graduate Studies shall provide the Board with detailed reports for each Board formal session as to the university's sponsored research activity.

- b. Deferred Maintenance.** Each year, the Board approves an annual capital budget, which includes particular expenditures for deferred maintenance. During the course of the year, events may occur that require the university to provide deferred maintenance on an emergency or expedited basis. Deferred maintenance that is required on an emergency or expedited basis (and that is not otherwise approved as part of the annual budget) may be approved by: (1) the vice president for finance and administrative services up to \$500,000; and, (2) the president for expenditures between \$500,000.1 to \$1,000,000.
- c. Capital Construction.** The president is authorized to approve capital construction projects up to \$1,000,000. The president is also authorized to approve an increase to the cost of a Board approved capital construction project in an amount not to exceed the president's general contracting authority.
- d. Construction (Renovation or Restoration) Covered by Insurance.** At times, events occur at the university that cause damage to university buildings or property. The university is insured against these damages to university buildings or property. The typical process for completion of renovation or restoration work is for the university to pay the contractor for the completion of the work, and then the university is reimbursed by the insurance company (less the university's deductible.) The president is authorized to enter into contracts for renovation or restoration construction work that is covered by insurance unless: (1) the deductible for the claim or event is greater than the president's general contracting authority of \$1,000,000; or (2) the capital construction is to cover a total loss of a facility (i.e., if a building was lost due to a fire or other disaster).
- e. Exemption for Resale Goods.** Goods purchased for resale are exempt from this contracting authority. Projected expenditures for the major categories of goods purchased for resale are included in the appendix section of the annual operating budget.

3. The following rules apply to contracts approved by the Board of Trustees:

- a.** Contracts approved by the Board of Trustees may be signed by the president, a vice president, or the director of purchasing, unless the Board requires a specific signature.
- b.** The president, a vice president, or director of purchasing may bind the university on all contracts regarding items explicitly set forth in university budgets or Board resolutions that have been approved by the board.

4. Purchases or sales of real estate, easements, and leases of real property are covered by a separate policy.