Contract Review and Invoice Approval Policy

I. PURPOSE

This policy defines how all Goucher College contracts are created, reviewed, and approved. In addition, the policy specifies who has authority to sign contracts on behalf of the College, its employees, and agents.

II. SCOPE

This policy covers all contracts engaged in by college employees. This is applicable to both one-year and multi-year contracts.

III. DEFINITIONS

Signatory Authority: The Goucher By-Laws state that the President, the Provost, and Vice President for Finance and Administration are officers of the organization, and that the President delegates certain authorities to them and other non-officer senior administrators including signatory. The By-Laws also state that the President can establish other non-officer senior administrators and delegate to them certain responsibilities, including signatory authority. The college president has delegated signing authority to the vice presidents who in turn, can delegate such authority to sign contracts up to value of less than $10,000 to appropriate individuals within their divisions, as described below. Anyone else who executes a contract that purports to bind the College, or its divisions, departments, or other units is acting without authority, and could be held personally liable for the contract.

College Contract: For the purposes of this policy, a “contract” is defined as an agreement between two (2) or more parties, which is intended to have legal effect. All contracts document a common understanding among the parties as to the essential terms of their agreement, contain mutual obligations, and set forth “legal consideration,” meaning that something of value is exchanged between the parties.

A college contract is an agreement between Goucher College, or one of its divisions, departments or other units, and an outside party. The term “college contract” as defined in this policy does not include agreements between or among different units within the College. Examples of college contracts include, but are not limited to requests for proposals, agreements for the purchase, lease, or rental of goods or services; agreements for the sale, lease, or donation of college goods or services; agreements that set terms for acceptance of gifts; liability waivers; settlement of disputes; nondisclosure agreements; 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; employment agreements; construction and architectural design contracts; and assignment of the right of a person, group, or agency to use the college’s name, logo, or resources.
All contracts must be written and enforceable. An agreement may constitute a binding contract even though one party provides something of value to the other party at no charge.

Any employee entering into an agreement or contract on behalf of Goucher College that requires a commitment by the College is negotiating a “college contract.”

IV. ADMINISTRATIVE REVIEW

A. Responsibilities of College Employees Initiating College Contracts

Employees wishing to enter into negotiations for contracts such as those described above must have the cooperation and approval of every division, department, or other college unit that may be directly or indirectly implicated in performance of the contract (for example, financial, communications, and/or space considerations related to the contract). The employee initiating the contract for the College is responsible for reading the entire contract and determining that:

1. The contract language is clear and consistent, and accurately reflects the current state of negotiations,
2. The contract meets programmatic requirements and the mission of the College,
3. The employee can ensure compliance with the obligations the agreement places on the College,
4. The employee has consulted with all divisions, departments, or other units affected by the contract, and
5. The contract terms and budget have been approved by the appropriate vice president or authorized designee to sign the contract.

B. Mandatory Legal Review

After having met the requirements stated above, the initiating employee must submit the contract to the Office of Risk Management for review by using the Contract Review Request form.

The Office of Risk Management must approve all college contracts prior to their execution, except extensions of previously approved contracts, if the extensions contain no substantive changes or additions. The Office of Risk Management will review each contract for form and legal sufficiency to ensure that the contract is consistent with federal and/or state laws; is consistent with college policies and regulations; is consistent with any predecessor documents; is in the interests of the College; and risk management concerns have been reasonably addressed. The Office of Risk Management determines if any other institutional reviews are necessary prior to submission of the contract for signature and coordinates obtaining the appropriate reviews.

V. CERTIFICATES OF INSURANCE

Most college contracts require that the third party provide a certificate of insurance to the College.

The college employee initiating a contract is responsible for obtaining any certificates of insurance required by the contract. For ongoing contracts, the employee initiating the contract is also responsible for monitoring when certificates of insurance expire, and for obtaining new certificates. Copies of certificates of insurance must be provided to the Office of Risk Management.
VI. SIGNATORY APPROVAL LEVELS FOR COLLEGE CONTRACTS

Only the president has signing authority for any contracts or invoice above $250,000. The Vice President of Finance & Administration (CFO) will have signing authority up to $250,000 and a second signature with another vice president on any contracts over $100,000 up to $250,000.

A. Contracts Approval Levels Over $100,000 and Multi-Year Contracts

All vice presidents will have authority (up to $100,000) to sign contracts that are within the purviews of their divisions including purchase and lease agreements, rentals, installment payment plans, software licenses, etc. exceeding an aggregate amount of $100,000 or multi-year contracts must be approved and signed by the Vice President for Finance & Administration (CFO). All contracts above $250,000 must be approved by the college president. Examples of multi-year agreements include, but are not limited to:

1. A three-year agreement with a charter bus company to provide transportation for the athletics department.
2. A software licensing agreement for a training program that lasts for three years, with payments made annually.
3. A five-year agreement with a vendor to run a summer camp on the college’s campus.
4. Purchase of equipment, with payments to be made over a period of three years.
5. A five-year agreement with an international partner to run a student exchange program.
6. A three-year agreement with an insurance broker who is paid annually as a percentage of insurance premiums.

B. Delegation of Signature Authority (Contracts under $10,000)

For contracts under $10,000, the president or vice president have the discretion to delegate signature authority within their division. Such delegation must be made in writing via email by the vice president and must specify the extent of the delegation as well as the specific position and the name of the individual to whom the delegation is made. This delegation may be withdrawn by the president or vice president at any time upon written notice to the delegated person. Delegation and withdrawal of delegation may be made by email, and copies of delegation or withdrawal of delegation shall be provided to the college Controller.

C. Small Purchases (Up to and including $1,000)

Any purchases of up to $1,000 for which there is no formal purchase order, written contract, or agreement; or any office supply, book, or subscription purchases of up to $1,000; may be made by departments without the approval of a vice president or designee. Purchases over $1,000 are subject to the provisions of this policy as well as the purchasing policies and procedures of the Office of Procurement Services, available online at https://www.goucher.edu/procurement-services/purchasing-policies-and-procedures/.
VII. INVOICE APPROVAL

All invoices up to $24,999 must be approved by the vice president for the division incurring the expense or initiating a contract. Non-consultant interim vice presidents have the same approval authority as permanent vice presidents. Invoices greater than $24,999 require the approval of the Vice President of Finance & Administration (CFO). All invoices must be submitted through the Paramount invoice approval and tracking system whenever possible. All invoices (excluding those under $1,000 and purchased using a Goucher Credit card) must be processed through accounts payable at all times. Furthermore:

1. For legal and insurance invoices, Risk Management is authorized to approve all invoices up to $24,999.

2. For all Bon Appetit dining services, the Controller is authorized to approve all invoices up to $24,999.

3. All standard utility bills (BGE, Constellation Energy, etc.) are pre-authorized and paid upon receipt, but must be simultaneously/subsequently reviewed by the Vice President of Campus Operations, and any discrepancies resolved with an adjustment to the next invoice. The Controller must also approve as evidence the invoice meets preapproval standards.

VIII. RECORD KEEPING REQUIREMENTS

The division, department, or other college unit responsible for the contract shall maintain the original signed agreement in its permanent files and shall forward a copy of the contract, and any required certificate(s) of insurance as described in Section 4, to the Business Office for scanning into an electronic database. Retention periods for particular contracts are set forth in the college’s Record Management Policy.

IX. RESPONSIBLE OFFICIAL

The Vice President for Finance & Administration (CFO) is responsible for administering this policy.

X. HISTORY

Updated: September 2020; August 2023.