

Contract Review and Invoice Approval Policy

I. GENERAL

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. COLLEGE CONTRACT DEFINED

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. Some contracts may be verbal; others must be written to be enforceable. An agreement may constitute a binding contract even though one party provides something of value to the other party at no charge.

While acting in the scope of your employment, if you are entering into an agreement or contract which involves or requires any commitment by Goucher College, it is best to assume that you are negotiating a “college contract.”

III. 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, in dealing with financial considerations, telecommunications considerations, and 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 have been approved by the appropriate vice president or other person authorized 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 General Counsel for review. The Office of General Counsel 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 General Counsel 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 rules 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 General Counsel shall determine if any other institutional reviews are necessary prior to submission of the contract for signature and will coordinate obtaining the appropriate reviews.

IV. CERTIFICATES OF INSURANCE

Some 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 Business Officer as provided in Section 6.

V. AUTHORITY TO SIGN COLLEGE CONTRACTS

A. General Signing Authority

Only the college president and vice presidents have the authority to sign contracts for the college. They may, however, delegate such authority to sign contracts with a value of less than \$10,000 to appropriate individuals within their divisions, as described below. **Anyone else who enters into 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.**

Generally, vice presidents will have authority to sign contracts that are within the purview of their divisions. For example, the Vice President for Advancement generally has authority to sign donor

agreements, the Vice President for Marketing & External Relations has authority to sign contracts relating to media and advertising, and the Vice President for Finance has authority to sign construction contracts.

B. Contracts Over \$100,000 and Multi-Year Contracts

All contracts 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 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. A 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.

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

All contracts with a value of \$10,000 or more (in total for the life of the contract) must be approved and signed by the president or appropriate vice president. For contracts under \$10,000, the president or vice president has the discretion to delegate signature authority within a particular division. Such delegation must be made in writing by the president or 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 delegating 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.

D. 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/>.

VI. 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. Vice presidents may designate specific individuals within their division with the authority to review and approve invoices up to \$4,999. Invoices greater than \$24,999 require the approval of the President. All invoices must be submitted through the Paramount invoice approval and

tracking system whenever possible. Beginning February 1, 2021, all invoices (excluding those approved through the SunTrust ESP system) must be submitted through Paramount.

Furthermore:

1. For legal and insurance invoices, General Counsel is authorized to approval 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.

VII. RECORDKEEPING 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](#).

VIII. RESPONSIBLE OFFICIAL

The Vice President for Finance is responsible for administering this policy.