

# Contract Approval and Signatory Authority

## Policy Statement

Individuals have the authority to enter into negotiations or approve or sign contracts on behalf of the company only pursuant to (1) a resolution of the Board; (2) a valid delegation of authority from the Chief Executive or Chief Financial Officer or Board Treasurer; or (3) a purchase made in accordance with the SPJA Procurement Policies and Procedures. Although delegations of authority are essential to efficient and effective management, delegating officials retain overall responsibility for matters or personnel under their supervision.

## Reason for the Policy

The policy is intended to ensure that commitments of company resources are properly reviewed and approved and that the associated agreements are signed by authorized persons. This policy thus identifies who within the company is authorized to commit institutional resources on behalf of the company through agreements executed in its name. It contains protocols for the delegation of signatory authority. It also describes necessary steps in the contract review process.

## Applicability of the Policy

This Policy applies to all employees, directors, and volunteers. It governs contractual agreements relating to commercial and non-commercial transactions, such as those involving goods, supplies, equipment, services, programs, and real property (purchases/sales and leases).

## Policy Elaboration

In elaboration of the Policy statement that appears above, the following rules apply:

### **Procurement of Goods and Services.**

The objective of the purchasing process, exercised through the procurement policies and procedures, is to identify, select and acquire needed goods and services as economically as possible within specified standards of quality and service. This should be done in an organized and timely manner that provides for accountability of expenditures.

All personnel are required to abide by the Procurement Policies and Procedures when requisitioning goods and services unless otherwise exempted under those policies and procedures. In addition to Procurement Policy specifications, purchasing commitments, the following approval requirements apply:

## **Financial Policies**

- All Purchases must be made within the constraints of the approved budget.
- Purchases whose values are below \$250 must be reviewed, approved, and signed by the Manager whose budget the expense will draw from.
- Purchases whose values meet or exceed \$250 must be reviewed, approved, and signed by a Manager and the supervising Division Manager whose budget the expense will draw from.
- Purchases whose values exceed \$1,000 must also be reviewed, approved and signed by the Chief Financial Officer or Chief Executive Officer, in addition to the Division Manager whose budget the expense will draw from, if applicable.
- Purchases whose values exceed \$50,000 or whose terms exceed one (1) year must be reviewed, approved and signed by the Board Treasurer or his/her designee, in addition to the Chief Financial Officer and Chief Executive Officer.

## **Banking / Investment Accounts.**

It is the responsibility of the Board Treasurer to ensure oversight over all investment, banking, and other institutional accounts. It is the policy of the Board Treasurer that signatory access to financial institutions may be assigned only to vested officers of the corporation to include the Board Chair, Board Treasurer, Chief Executive Officer, and Chief Financial Officer.

## **Conflicts of Interest.**

It is the responsibility of all employees to ensure that the company does not knowingly enter into contracts that present conflicts of interest. Employees must accordingly exercise their authority in a manner consistent with applicable conflict of interest policies. If a conflict arises, an employee who otherwise has contract negotiation and/or signatory authority must disclose the conflict promptly to his/her supervisor before entering into contract negotiations or contract review and excuse him/herself from any involvement in the contract. The supervisor shall assume responsibility for the contract or arrange for the appointment of a substitute responsible administrator. Apparent violations of conflict of interest policies and protocols should be reported to the Audit Committee. Questions regarding interpretation of conflict of interest policies may be directed to Legal Counsel.

## **Unauthorized commitments or agreements.**

The SPJA does not recognize an agreement as binding unless its signatory has contracting authority. Individuals who enter into agreements without authority may be personally liable for such agreements, whether oral or written. Employees who enter into unauthorized agreements may also be subject to disciplinary action, up to and including termination.

## **Legal Review.**

All contracts whose obligations in aggregate or related financial exposure exceed \$100,000 must be reviewed, prior to their execution, by Legal Counsel. In addition, any contract that (1) has rights or commitments extending for one or more years; (2) contains defense, indemnification or hold harmless provisions; (3) seeks to limit the amount or types of liability of the other contracting party, its subcontractors, agents, or

## **Financial Policies**

successors; or (4) establishes the choice of law, forum or dispute resolution means must be reviewed by Legal Counsel.

# **Procedures**

## **I. General**

The duties of the responsible official include ensuring consistency of the commitment with policies as well as programmatic and/or operational objectives or requirements; verifying the availability of funds for anticipated budgetary commitments; obtaining legal and/or risk management review where required; monitoring the contract development process to facilitate prompt contract resolution; securing all necessary signatures; overseeing proper performance of all contract commitments; and maintaining an accessible copy of the contract. For contracts as to which Board of Directors ("Board") approval is required, the Chief Executive Officer or his/ her designee is responsible for submission of proposed agreements to the Board for Board action.

## **II. Requirement of a Written Agreement**

This Policy and its associated Procedures relate to the review and approval of written contracts made on behalf or in the name of the SPJA. Oral agreements are not authorized regardless of whether there is a monetary exchange. Exceptions may be granted through a written authorization from the Board Treasurer, Chief Executive Officer, or Chief Financial Officer.

## **III. Securing all Necessary Signatures**

Signatory authority and the responsibility to approve the commitment of financial or other company resources may be vested in two or more individuals. In such cases, all necessary officials must sign the contract. It is the obligation of the employee with responsibility for the unit whose budgetary or other resources are being committed to obtain all necessary contract signatures.

## **IV. Delegations of Authority**

- A. All delegations of signatory authority must be in writing.
- B. The authority associated with an appointment may not be exercised by an individual prior or subsequent to the effective dates of employment and/or appointment.
- C. The delegation must include specification of the scope, terms and limitations of the delegation, including the contract or types of contracts the delegate is authorized to sign; the extent of monetary authority; the duration of the delegation; and whether sub-delegation of the authority is permissible. A delegating official may revoke or modify the authority of the delegate.

## **VII. Electronic Signatures**

Electronic signatures may be executed or accepted on contracts pursuant to the specifications of the Board Treasurer.

## **IX. Records Maintenance**

Except as otherwise required by law, the Chief Financial Officer shall keep a copy of all agreements or contracts on file for a minimum of ten (10) years following its expiration.



## Signature Requirements

Aggregate Purchase Price	Required Signatures
< \$250	<input type="checkbox"/> Manager
\$250 or more	<input type="checkbox"/> Manager <input type="checkbox"/> Division Manager
\$1,000 or more	<input type="checkbox"/> Division Manager <input type="checkbox"/> Chief Financial Officer <i>or</i> Chief Executive Officer
\$50,000 or more > 1 Year Contract Length	<input type="checkbox"/> Chief Financial Officer <i>and</i> Chief Executive Officer <input type="checkbox"/> Board Treasurer