

AUTHORITY TO SIGN A UNIVERSITY CONTRACT

Rule of Law:

University contracts may only be signed by authorized employees. Contract signature authority within the university is very limited and controlled centrally. Signature authority is derived solely from the chancellor by written delegation, generally limited to the vice chancellors and the purchasing office, and further limited to specific types of transactions and relationships. Contracts may only be signed by those with an express written delegation from the chancellor or a written sub-delegation from a vice chancellor. A chart of current signature delegations is maintained by the OGC and located on the office's website. Small purchases (up to \$5000) are governed by the university's small purchase rules.

A contract may be titled an "agreement," a "memorandum of understanding," a "license," a "lease," etc. A contract does not have to involve money to create a legally binding agreement. Rather, a contract simply involves the exchange of obligations or promises, either promises to perform or an exchange of something of value.

Risks/Consequences:

Anyone who has not received signature delegation and who signs a contract that purports to bind the university or its divisions is acting without authority and may be held personally liable for the contract. **N.C.G.S. §143-58.**

Your negotiation of any contractual commitment is always subject to the approval of someone with signature authority. Whenever you are negotiating a contracting, you must also be cognizant of certain clauses that State agencies may not include in contracts – prohibited clauses. In the event such a clause is contained in an agreement, that provision is void. **N.C.G.S. §143-58.**

A criminal conflict of interest statute renders State employees criminally liable should they receive a direct benefit from signing or administering a university contract. The person signing the agreement could be found guilty of a Class I misdemeanor, and the contract itself will be void. **N.C.G.S. §14-234.**

Practice Points:

1. Read the contract before signing it and only sign if the contract has been reviewed by university counsel or the purchasing office.
2. Use university standard form contracts when they exist. If a standard form does not exist, consult with the OGC before entering into a contract.

Consult the OGC's FAQs on contracts.