

Policy Title: Approval Authority

Policy Summary: Delegation of Signature Authority for University Contracts and Transactions

Policy Category: Financial

Policy Owner: Board of Trustees Audit Committee

Policy Summary

The Drake University Approval Authority Policy is established to identify the appropriate delegation of signature authority for all contracts and transactions for the University.

Purpose

The purpose of this policy is to ensure all contracts and transactions are signed by those with the authority to obligate the University with external parties, in accordance with the delegation approved by the Board of Trustees. Individuals authorized to sign contracts and transactions under this policy are expected to have the necessary information and expertise to fully understand the implications of such commitments.

Scope

Except as noted, this policy governs all contracts, agreements, and transactions between Drake University, including its subdivisions and subsidiaries, and a third party. This policy does not include letters of appointment, offer letters, or other personnel actions which are covered by procedures authorized by Human Resources. Authorized signatures relating to securities, banking, and check signing are covered in the University's Corporate Resolution and are also not addressed in this policy.

Definitions

Contract – A contract is defined as a legally enforceable agreement between two or more parties to do or refrain from doing some particular activity.

Level III Authority – Level III authority includes all senior administrator level positions designated by and reporting directly to the President. Level III authority extends only to contracts and transactions that impact the programs and budgets for which the signing Level III authority is responsible, except as otherwise provided in this policy.

Level II Authority – Level II Authority includes Deans and Directors designated by their President's Council member as having such level of authority. Level II authority extends only to contracts and transactions that impact the programs and budgets for which the signing Level II authority is responsible.

Level I Authority – Level I authority includes Budget Managers designated by their President's Council member, or by a Dean or Director with appropriate Level II authority. Level I authority

extends only to contracts and transactions that impact the programs and budgets for which the signing Level I authority is responsible.

Qualifying Contracts – Contracts for which signing authority is not specifically reserved to another authority or position (e.g., employment contracts, real estate purchases, etc.).

Transaction – An exchange involving the transfer of money or property, either presently or in the future, from or to the University. Unique additional authorities for transactions on a purchasing card or an employee reimbursement are covered in separate sections in this policy.

Value – In order to establish the value of a contract or transaction for purposes of determining the level of authority for approval, the amount should include the aggregate monetary worth obligation of the contract or transaction over the entire term of the contract or transaction. When the value is unclear, the computation should err on the side of ensuring the highest level of authority is involved in the approval of the contract or transaction.

Real Property – Land and buildings including, but not limited to, anything integrated with, growing on, affixed to, or built upon the land owned by the University.

Policy

Individuals specifically identified in this policy as agents for the University are authorized to enter into contracts and approve transactions on behalf of the University. No other person may approve transactions or obligate the University, in writing or verbally, to any contract, agreement, purchase order, memorandum of understanding, promise, or any other potentially binding arrangement.

It is the responsibility of anyone who presents a contract for signature and who signs a contract in the name of the University to read and understand the terms of the contract, assure that the contract has been reviewed and approved pursuant to University processes, and that the contract terms are fair and reasonable to the University. This policy assumes that those who present contracts for approval and signature have followed the processes set forth by the University for contract review and approval.

It is the responsibility of anyone approving a transaction to confirm the following:

- Compliance with University policies and procedures.
- Compliance with terms and conditions of any relevant contract, grant, or agreement.
- The availability of funds in an approved budget or other source of funding.
- The accuracy and appropriateness of account number, fiscal year, and other accounting information.
- That the transaction represents a bona fide business purpose of Drake University and is appropriate and reasonable.
- That the goods and services were received prior to payment, or in the case of

prepayment, ensure goods and services are timely received.

- That as the signor, the approving party has the necessary authority to approve the transaction.
- That as the signor, the approving party does not have a conflict of interest or personally benefit from the transaction.

Procedures

Authority Retained by the Board of Trustees

The Drake University Board of Trustees retains authority over the transactions appearing below. Therefore, Board approval pursuant to the regular governance procedures of the Board is required prior to the execution of any of the following contracts or transactions. Signature authority for Board approved contracts and transactions is granted to the Chair of the Board of Trustees or the President of the University, or any other position or positions as specifically directed by the Board at the time of the approval of the contract or transaction.

- All real property transactions over \$100,000 including, but not limited to, purchases, sales, exchanges, security interests, easements, and leases of real property to be occupied or owned by the University.
- Acceptance and corresponding retention of gifts of real property.
- Acceptance and corresponding sale of gifts of real property with an estimated value of over \$1 million.
- Construction or capital improvement projects, the total cost of which is projected to be \$1 million or more. This includes any architectural, engineering, construction management and other design professional and consulting service contracts on such projects.
- All debt transactions, guarantees, derivatives, and other debt instruments as outlined in the Debt Management Policy.
- Legal settlements for an amount that equals or exceeds \$500,000, regardless of insurance coverage, and authorization to file or settle legal claims or lawsuits in which the Board, a Trustee, or a University officer is a named party.
- Retention of audit services (internal or external) – The Audit Committee of the Board of Trustees shall have sole authority to approve these services.
- Retention of investment consultants for the endowment.

Authority Delegated by the Board of Trustees

| Signature Authority Granted | Position |
|--|-----------------------------|
| All contracts and transactions, including those for which authority is retained by the Board of Trustees after approval by the Board. Settlements of legal claims or lawsuits outside of the Board-retained authority. | President of the University |

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|--|---|
| Qualifying contracts and transactions with values greater than \$250,000. | Chief Financial Officer or Chief Administration Officer |
| Employee benefit contracts and transactions including, but not limited to, medical, life, and disability insurance and retirement benefits. | Chief Administration Officer |
| All donor and pledge agreements. | Vice President Advancement |
| Educational consortia, joint educational projects, affiliation agreements, student exchange, and study abroad agreements. | Provost or designee |
| Grant-related contracts as defined by the policies and procedures authorized by the Office of Sponsored Programs. | Director of Sponsored Programs |
| Qualifying contracts and transactions with values of \$250,000 or less, and transactions associated with executing a properly approved contract. | Level III Authority |
| Qualifying contracts and transactions with values of \$25,000 or less, and transactions associated with executing a properly approved contract. | Level II Authority |
| Qualifying contracts and transactions with values of \$5,000 or less, and transactions associated with executing a properly approved contract. | Level I Authority |

Purchasing Card Authority

Purchasing cardholders may incur transactions subject to purchasing card policies, procedures, and approvals. Individual transaction limits and monthly limits for each card type shall be established by the Chief Financial Officer. Each purchasing card transaction is approved at the end of the monthly cycle by the designated approver with the appropriate authority Level I, II or III in accordance with the purchasing card guidelines and procedures. The purchasing card transactions of the President of the University will be approved at the end of the monthly cycle by the Chief Financial Officer.

Employee Reimbursements

Authority for employee reimbursement transactions follow the same levels of authority and thresholds as listed in this policy with the following additional approval required: Employee reimbursements for someone who is also a Level I, II, or III authority must be approved and signed by the employee's immediate supervisor or designee. Reimbursements for the President of the University shall be approved by the Chief Financial Officer.

Permanent Designee

If a permanent designee is appointed, as authorized in this policy under 1) signature authority reserved for the Provost, and 2) employee reimbursements, the appointment must be

memorialized in writing and submitted to the Office of Finance in accordance with established procedures. Designees must comply with applicable procedures for contracts and transactions review and approval established herein in order to maintain designee appointment.

Temporary Delegation of Authority

In the event a temporary delegation of authority is made necessary by a position vacancy or absence, such delegation shall only be in effect for the period necessary to cover the vacancy or absence, not to exceed six months. All delegations of authority must be approved in accordance with the table below, memorialized in writing, and submitted to the Office of Finance in accordance with established procedures. Those with delegated authority must comply with applicable procedures for contracts and transactions review and approval established herein in order to maintain delegated authority.

| Authority Level | Delegate Authority |
|--------------------------------|------------------------------|
| Chair of the Board of Trustees | President |
| President | Level I, II or III Authority |
| Level III Authority | Level II or I Authority |
| Level II Authority | Level I Authority |

Authority to Obtain Legal Services

The general authority to seek outside legal advice and counsel rests with the following:

- Board of Trustees
- President
- Level III Authority

All other Drake University employees must secure written permission from one of the authorized University positions listed above before contacting legal counsel on behalf of the University.

Last Review Date: April 2023

Effective Date: July 2018

Resources and Related University Policies. Individuals seeking more information about these resources are encouraged to contact Drake’s Chief Financial Officer directly:

- Debt Management Policy
- Corporate Resolution
- Investment Policy Statement