

## Standard Practice Guide Policies

### Delegation of Authority to Bind the University to External Agreements on Business and Financial Matters 601.24

**Applies to:** All Departments and Units of the University

#### I. PURPOSE

Delegation of authority represents the legal power to act in the name of the Regents of the University of Michigan or to bind the University to an obligation or promise. This policy and its accompanying tables define, consolidate and publicly communicate who has the authority to bind the University of Michigan to obligations or promises to outside entities. The purpose of communicating this policy is to ensure that both University personnel and outside entities clearly understand who can bind the University of Michigan, and the extent of that authority for different types of business and financial transactions and agreements. This policy also codifies the University's expectations of individuals who sign documents on its behalf.

This policy does not apply to the authority or approvals required for internal administrative processes (such as timesheets, expense reimbursements or purchase order requests). For guidance on the proper delegation of internal authorities, see the finance website.

#### II. DELEGATION OF AUTHORITY TO BIND THE UNIVERSITY ON BUSINESS AND FINANCIAL MATTERS

A. The Executive Vice President and Chief Financial Officer grants authority to sign documents or bind the University to an agreement of the types described in Table 1: Delegations of Authority ([http://procurement.umich.edu/sites/default/files/table\\_1-u-m\\_business\\_and\\_finance\\_authority\\_delegations.pdf](http://procurement.umich.edu/sites/default/files/table_1-u-m_business_and_finance_authority_delegations.pdf)) to those persons holding the applicable University of Michigan positions identified in the Table (whether permanently or on an interim or acting basis). Sub-delegation of the authorities contained in Table 1 is not permitted unless expressly indicated in the Table.

B. The University is not bound by and does not recognize as binding any promise or obligation made by an unauthorized person. Those signing external agreements or attempting to bind the University in any other way without first obtaining authority may personally become the subject of legal action and may also be subject to University disciplinary action up to and including termination.

Note: For convenience, other sources of authority to bind the University are compiled in Table 2: Authority Obtained from Statutes, Rules or Bylaws to Bind the University ([http://procurement.umich.edu/sites/default/files/table\\_2\\_other\\_statutory\\_delegations\\_10.28.2020.pdf](http://procurement.umich.edu/sites/default/files/table_2_other_statutory_delegations_10.28.2020.pdf)).

#### III. OBLIGATIONS OF THOSE EXERCISING DELEGATED AUTHORITY

Delegations enable efficient operation of the University by empowering personnel to act autonomously. However, those who hold delegations have a significant responsibility to act with care, control and diligence in the exercise of their delegated authority. All uses of authority must be in accordance with this policy; and any attempt to bind the University in a way that is contrary to this policy will be treated as an unauthorized activity.

In particular, delegates acting on behalf of the University must:

- A. Act within the limits of their power and delegation, as documented in Table 1;
- B. Be aware of and comply with all relevant University policies, procedures, internal controls, and guidelines as well as external legislative requirements when exercising authority;
- C.
  - 1. based on accurate information;
  - 2. being made for a proper purpose, in the best interests of the University and in furtherance of its mission;
  - 3. of substantive benefit that outweighs any potential risks to the University;
  - 4. capable of being lawfully undertaken by the University; and
  - 5. not in conflict with existing University agreements;
- D. Consult, when appropriate (and when required by Table 1), with relevant specialized personnel within the University (such as Risk Management, Office of the General Counsel, Tax Department);
- E. Always use his or her title as contained in Table 1, when signing on behalf of the University, and always sign his or her own name in ink, except as approved by Procurement Services: see website on approved electronic affirmation and non-ink signing procedures;
- F. Avoid the appearance or presence of conflicts of interest, and never sign any document or obligate the University to an agreement in which he or she may have a personal interest that could prevent objective analysis or from which he or she stands to receive a personal benefit (see SPG 201.65-1 (/policy/201.65-1));
- G. Forward executed copies of agreements of the type designated by Procurement Services (see website for a description of those agreements) to Procurement Services for storing in a central contract repository, within 30 days of execution of the agreement;
- H. Maintain records, receipts and any other documentation relevant to the exercise of his or her authority, and provide information as requested to the person from whom the authority was delegated;
- I. If sub-delegation is permitted (per Table 1), ensure it is made in writing and in accordance with the requirements set out in part IV below; and
- J. If a transaction or agreement is within his or her authority but is of an unusual nature or outside the normal course of University activities and practices, elevate it to a higher organizational level for a decision.

#### IV. SUB-DELEGATION PROCEDURES AND REQUIREMENTS

- A. Every sub-delegation must be in writing, and must:
  - 1. include the name and University of Michigan title of the delegatee;
  - 2. be specific in defining the powers and/or tasks being delegated, the circumstances in which the sub-delegated authority may be exercised;
  - 3. be limited in duration, with a specific start time and expiration date no later than the end of the fiscal year in which the sub-delegation is made;
  - 4. only be made to a University employee, over whom the delegator has oversight authority; and
  - 5. be signed or otherwise acknowledged and accepted in writing by both the delegator and the delegatee, and copied to the Associate Vice President for Finance.
- B. Never sub-delegate to someone with a conflict of interest relevant to the authority being delegated.
- C. Anyone exercising sub-delegated authority is required to comply with the same requirements under this policy as the original delegatee.

D. If a sub-delegation is revoked, it is the responsibility of the revoking supervisor to immediately notify the Associate Vice President for Finance and the office of the person through whom the authority was delegated, as indicated in Table 1.

#### **File Attachments**

Printable PDF of SPG 601.24, Delegation of Authority to Bind the Univ. to External Agreements on Business and Financial Matters ([https://spg.umich.edu/sites/default/files/policies/201x24\\_0.pdf](https://spg.umich.edu/sites/default/files/policies/201x24_0.pdf))

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#### **Related Links:**

Table 1: Delegations of Authority ([http://procurement.umich.edu/sites/default/files/table\\_1-u-m\\_business\\_and\\_finance\\_authority\\_delegations.pdf](http://procurement.umich.edu/sites/default/files/table_1-u-m_business_and_finance_authority_delegations.pdf))

Table 2: Authority Obtained from Statutes, Rules or Bylaws to Bind the Universi...

([http://procurement.umich.edu/sites/default/files/table\\_2\\_other\\_statutory\\_delegations\\_10.28.2020.pdf](http://procurement.umich.edu/sites/default/files/table_2_other_statutory_delegations_10.28.2020.pdf))

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