THE UNIVERSITY OF MICHIGAN
STANDARD PRACTICE GUIDE

SECTION:	General University Policies and Procedures	**Number:**	601.24
		Revised:	
SUBJECT:	Delegation of Authority to Bind the University to External Agreements on Business and Financial Matters	**Date Issued:**	7/01/2005
		Review Date:	7/01/2006
		Attachments:	0
APPLIES TO:	All Departments and Units of the University		
ISSUED BY:	Executive Vice President and Chief Financial Officer		

Overview

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 of Michigan to an obligation or promise. This authority derives from the general power given the Regents and the President within the Michigan Constitution of 1963 and within the implementing statutes. The particular authority exercised by University personnel is found within Regents Bylaws, Regents Action and sub-delegations by Regents authorized personnel.

Signing an agreement is the most common way delegated authority is exercised. A written contract signed by all parties is an obvious example. Clicking on "OK" before ordering a book from an online bookstore or registering for a seminar are examples of exercise of delegated authority without a formal signature.

The table titled "Delegations of Authority for Business Transactions with External Organizations" ("Table 1") details the authority to bind the University for business and financial matters as delegated by the Executive Vice President and Chief Financial Officer to other University of Michigan employees. Table 1 can be accessed at: http://www.umich.edu/~avpf/signauth.html

The table titled "Authority Obtained from Statutes, Rules or Bylaws to Bind University" ("Table 2") details the authority to bind that is derived from other authority sources, such as Regents Bylaws, Regents Action Items or Resolutions, or other statutorily authorized delegations. Table 2 can be accessed at: http://www.umich.edu/~avpf/signauth.html

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 means without first obtaining authority should take note that he or she, personally, may become subject to legal action and may also be subject to University disciplinary action up to and including termination.

General Purposes

The purposes of this Standard Practice Guide are to standardize the signature and authority delegation process, define the explicit and implied expectations the University assumes the signer (or binding individual) has fulfilled and make publicly, easily available a means to determine who has the authority to obligate the University for a particular transaction or promise

to an external organization. This Standard Practice Guide does not apply to those signatures or approvals required for processes internal to the University (e.g., time sheets, journal entries, purchase order requests, etc.). Higher level delegations are made through adoption of Tables that are referenced within this Practice Guide. Sub-delegations may be made, where authorized, to others through a specific written letter to the individual. General questions concerning the scope of authority may be directed to the Office of the General Counsel. Specific operational questions may be directed to your immediate supervisor.

Delegation of Authority by Executive Vice President and Chief Financial Officer as the Principal Delegating Authority

Authority to sign documents or bind the University to an agreement of the types described and limited on Table 1 is granted to the persons holding the applicable University of Michigan position identified on Table 1. A person in a particular position on an acting or interim basis assumes the same authority as if he or she held the position on a permanent basis. No sub-delegation is permitted except to the extent identified on Table 1. All use of the authority granted by this Standard Practice Guide shall conform fully to the policies and procedures of this Standard Practice Guide.

Procedures and Requirements

1. Sub-delegation Standards. All sub-delegations beyond the listing in the applicable Table must be in writing and conform to the standards shown below. A sub-delegation is not effective unless and until a copy of the writing is provided both to the Principal Delegating Authority and to the office of the position shown on the applicable Table through whom the sub-delegation is made. An e-mail sent from a delegator's UM account to the delegatee's UM account is a sufficient writing. When a sub-delegation is revoked it is the responsibility of the revoking supervisor to immediately notify in writing both the Principal Delegating Authority and the office of the position shown on the applicable Table through which the sub-delegation was originally made. Every sub-delegation must (a) be in writing; (b) specify the name(s) and official University of Michigan title for the individual(s) position; (c) be effective only while the delegatee is a UM employee; (d) have a specific expiration date no later than the last day of the current fiscal year; (e) define explicitly the authority sub-delegated; (f) define explicitly the time and circumstances when the sub-delegated authority may be exercised; and (g) be limited to an employee over whom the delegator has oversight authority.
2. Delegation to a Position. The delegations detailed within the applicable Table are to the position, not to a specific individual, unless an individual's name is specifically identified. A person in the particular position on an acting or interim basis assumes the same signing authority as if he or she held the position on a permanent basis.
3. Implied Representations by Signing. When a person signs a document intended for external use, the signer makes the implied representations to the University as follows:
    a. The signer is acting within his or her delegated authority.
    b. The signer, after appropriate investigation and inquiry, is satisfied that the obligation or promises within the document conform to University policy.

c. The signer, after appropriate investigation and inquiry, is satisfied that the substance of the document's promises and/or obligations meet valid purposes of the University's mission, including appropriate business purposes.
d. The signer, after appropriate investigation and inquiry, is satisfied that the information is accurate and that there has been adequate disclosure of any potential conflicts of interest.
e. The signer, after appropriate investigation and inquiry, is satisfied that the substance of the promises and obligations undertaken by the University are appropriate and outweigh the potential risks to the University in the undertaking.
f. The signer has consulted, where appropriate, other specialized personnel within the University (e.g., Risk Management, Office of the General Counsel, Tax Manager, etc.).
g. The signer has made appropriate inquiry and is satisfied that the University may lawfully undertake the promises and obligations described within the documents.
h. The signer, after appropriate investigation and inquiry, is satisfied that the agreement does not conflict with existing University agreements.

Appropriate investigation and inquiry includes reliance upon reviews by and work of other persons specially situated by virtue of education, training and/or fact knowledge to perform some aspect of the needed investigation or inquiry.

4. Reporting Use of Authority. Every person using authority delegated by this Standard Practice Guide to obligate the University to an agreement shall provide as may be requested reports or information that provides the delegating individual with sufficient information to review and monitor exercise of the delegated authority. Employees are encouraged to work with the delegating individual to use existing reporting structures or revise and improve existing reports rather than creating redundant reports.

5. Signing Own Name. Those employees delegated the authority to sign documents or sub-delegated authority to sign documents must sign their own names.

6. Where Actual Signature Required. Unless specifically authorized by the Associate Vice President for Finance or the Vice President and Chief Financial Officer, all documents must be signed by hand. The use of rubber stamps, signature plates, or other mechanical devices to affix the signature is prohibited, with the exception of the use of signature plates for checks. On carbon set forms only the top copy needs to be signed. A carbon impression signature, facsimile, or photocopied original, under certain circumstances, is acceptable on the duplicates. Signatures printed in advance on forms are allowed provided adequate procedures to ensure proper use of the form are in place. Use of electronic signatures requires specific authorization.

7. Where Electronic Affirmation Allowed. When electronic affirmation to bind the University of Michigan to an obligation is used, the person authorizing the obligation must memorialize the essential terms of the transaction in writing or in a secure electronic fashion approved by the Associate Vice President for Finance or the Vice President and Chief Financial Officer. For example, printing out a receipt for the purchase of a book from an on-line bookstore would provide an adequate memorial of the transaction.

8. Conflicts. A person with delegated authority may not sign any document or obligate the University to an agreement in which he or she may have a significant personal interest preventing objective analysis or may receive a personal advantage or benefit. Documents or agreements in this category shall be authorized by the person with authority at the next highest organizational level. See also Regents Bylaw 2.15, SPG 201.65, SPG 201.65-1 and policies applicable to the employee's operational unit.
9. Internal Controls. A segregation of duties must be maintained at all times so that no single employee is authorized to both approve a commitment of funds and to authorize the processing of the financial activity that results in payment.
10. Unusual Situations. Notwithstanding that a document may be within a person's delegated authority to bind the University, if the transaction or substance is of an unusual nature or outside the normal course of activities or practices of the University, the transaction or document shall be brought to a higher organizational level for a decision.
11. Dollar Limitations on Authority. In evaluating the dollar value of a transaction for purposes of determining who is authorized to obligate the University, all payments required or likely to be required over the lifetime of the agreement shall considered. It is not necessary to include the payments to renew or extend the life of an agreement if the renewal or extension is optional in the University's sole discretion.
12. Requests to Amend Table of Authority. Requests to modify the scope of authority delegated in the applicable table should be directed to the Principal Delegating Officer.
13. Informal Titles Not Acceptable. Delegations within Table 1 are to the specific University of Michigan working title for a particular position. On occasion, persons within an operating unit will informally use for descriptive purposes a title similar to an official title. Use of some informal, unofficial title is strongly discouraged. Any attempt to bind the University on the basis of some informal, unofficial title will be treated as an unauthorized activity under University policies and, therefore, subjects the individual to potential disciplinary action.