



MEMORANDUM

TO: Deans, Directors and Department Heads
FROM: Lawrence G. Abele and John Carnaghi
DATE: March 12, 2007
SUBJECT: Unauthorized Signing of Contracts

An audit of FSU for fiscal year 2005-06 by the State of Florida, Office of the Auditor General recommended:

“The University should ensure that University personnel do not enter into written contracts that exceed their authorized limits, and that contracts are reviewed by the Office of the General Counsel prior to executing written contracts, as required by University policy.”

This memorandum is to remind the University community of our policy and provide guidance to help ensure compliance. Under FSU Policies and Procedures, very few individuals within the University community are authorized to sign contracts on behalf of the University.

- Those authorized to sign contracts are the President, Vice Presidents, Director of Purchasing and certain individuals within these administrative offices. The authority to sign requisitions or other internal documents does not give an employee the authority to sign a contract.
- Deans are authorized to sign some contracts, never to exceed \$10,000 over the life of the contract, if the dean has written authority from the President and assures compliance with rules and laws of FSU and the State of Florida.
- Prior to execution by an authorized individual, all contracts over \$10,000 must be reviewed by an attorney in the Office of the General Counsel and, as evidence of that review, the attorney will sign the signature page of the contract verifying legal review or a copy of the attorney's legal review will be attached to the contract.
- Prior to any executed contract being provided to an outside contractor or vendor, a requisition must be submitted to the FSU Purchasing Department and a purchase order issued. It is the department's responsibility to verify a valid purchase order number in OMNI. This policy applies to all FSU budgets, regardless of the source of funds.

The University may incur unintended financial obligations, legal liability or adverse publicity if unauthorized employees act as agents of the University by contracting with third parties. A contract signed by an unauthorized person may not only be binding on FSU, but may also create a legal and/or financial obligation for the individual.

These suggestions are offered to assist departments with compliance, protecting the interests of FSU and our employees:

- Remember that a purchase order is the preferred method of obtaining goods and services for FSU, not the bilateral contracts presented by many would-be vendors. Ensure that personnel are aware of restrictions regarding contracting on behalf of FSU. Reinforce this message through discussion at periodic faculty and staff meetings.
- Be aware that contracts come in many forms - - agreements, service orders, task orders, scope of work documents, and the like. If an authorized signature is required by an outside vendor, assume you are being asked to sign a binding contract.
- Maintain any written authorization from the President to contract on behalf of FSU and be able to produce it upon request. All authorization to sign contracts for the purchase of goods or services derives from the University President.
- Review the online Purchasing and University policies and procedures (found at www.purchasing.fsu.edu) to ensure that you are following correct procurement methods and seek advice from the FSU Purchasing Department if you are uncertain about a potential contracting situation. Do not take any action with an outside vendor until you are cleared to do so.

Questions and requests for training should be directed to Marcie Doolittle, Director of Purchasing, at 850-644-9719.