



**University Policy:** Signatory Authority Policy

**Policy Category:** Finance and Business

**Subject:** Application of appropriate internal controls for any transactions which create legally binding obligations for the University.

**Responsible Executive:** Vice President and Chief Financial Officer

**Office(s) Responsible for Review of this Policy:** Office of Finance and Treasurer

**Supplemental Documents:** Delegation of Signatory Authority Procedures, American University Delegation of Signature Authority Chart

**Related University Policies:** Corporate Credit Card Policy; Ethics and Integrity Policy; Financial Conflicts of Interest Policy; Lobbying and Political Activities Policy; and Procurement and Contracts Policy

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## I. SCOPE

This policy applies to all members of the University community who seek to approve a transaction which creates a legally binding commitment for the University whether by agreement or contract, involving the exchange of money or property, an obligation to perform services requiring payment or the use of University resources, or the assumption of a liability or potential liability, currently or in the future.

## II. POLICY STATEMENT

Pursuant to the University bylaws, as amended, the Board of Trustees has delegated to the President of the University general control and supervision over all educational, financial and administrative matters pertaining to the University. The President, in turn, delegates certain authorizations to the officers of the University. This policy designates who within the University, subject to the appropriate delegation, is authorized to incur obligations or commitments on behalf of the University.

The University's auditors and insurance companies consider compliance with this Signatory Authority Policy to be of significant importance in demonstrating AU's commitment to best practices and protecting the University's interests. All individuals involved in University transactions have a fiduciary responsibility to the institution and are expected to adhere to those standards.

### III. DEFINITIONS

**Authorized** means, with respect to a Transaction, that a person has been granted the authority in accordance with this policy to approve such Transaction (and sign the related documents, instruments or agreements, where applicable) and obligate the University in respect of the amount in question (where applicable), and to charge the relevant University cost center and/or account for such amount.

**Delegation Authority** means the authority to grant, in writing, Signatory Authority for a Transaction to another person.

**Transaction** means a commitment by the University, whether by agreement, letter or contract, involving the exchange of money or property, an obligation to perform services requiring payment or the use of University resources, or the assumption of a liability or potential liability, or the creation of an academic affiliation, whether currently or in the future, and includes any renewal or extension of the underlying transaction.

**Signatory Authority** means individuals under this policy who are authorized to approve, execute, acknowledge, and deliver, in the name and on behalf of the University, any and all Transactions, within the scope of their authority that they determine to be necessary or appropriate to carry out the business of the University. Signatory Authority includes physical signatures, electronic signatures, and click-through agreements that acknowledge the acceptance of and agreement to specified terms and conditions.

### IV. POLICY

#### A. General Authorization and Delegation

1. When an individual executes a Transaction on behalf of the University, the University expects:
  - a) the signatory is acting within their delegated authority;
  - b) the signatory in good faith is satisfied that the obligations or promises within the document generally conform to University policy and are in the best interest of the University;
  - c) the signatory in good faith is satisfied that the terms of the Transaction are stated accurately, completely and in adequate detail;
  - d) the signatory has no reason to believe that an impermissible conflict of interest exists as a result of entering into the Transaction;
  - e) the signatory in good faith is satisfied that the substance of the promises and obligations undertaken by the University are appropriate and outweighs the potential risks to the University in the undertaking;
  - f) the signatory has consulted, where appropriate, other specialized personnel within the University (e.g., Office of Risk Management, Office of General Counsel); and
  - g) the signatory in good faith is satisfied that the Transaction does not conflict with existing University Transactions.

## **B. Signatory Authority**

### 1. Implied Representation of Signature Authority

a) Individuals who purport to enter into Transactions on behalf of the University without authority may be personally liable for such Transactions, whether oral or written. Individuals who enter into unauthorized Transactions may also be subject to disciplinary action, up to and including termination.

## **C. Limitations on Approval, Delegation and Signatory Authority**

All Transactions must be approved by an Authorized person in accordance with this policy. Individual University officers' specific scope of responsibility, review of documents, limits of specific reserved delegations and the dollar limit of their authority is documented in the Delegation of Signatory Authority chart, approved by the Board of Trustees on March 5, 2021. The Delegation of Signatory Authority chart, dated March 5, 2021, is incorporated herein and made a part of the Signatory Authority Policy by this reference.

## **V. EXCEPTIONS**

Pursuant to the May 16, 2014 Board of Trustees Signatory Policy Resolution, this Policy does not authorize University officers and administrators to encumber or sell any real property without the express authorization of the Board of Trustees.

## **VI. EFFECTIVE DATE AND REVISIONS:**

This Policy is effective March 5, 2021.

This Policy was reviewed or revised September 28, 2021.