



<b>Policy Number:</b>	2.001
<b>Originating Office:</b>	Auxiliary Services
<b>Responsible Executive:</b>	Vice President, Finance & Administration
<b>Date Issued:</b>	1/31/2011
<b>Date Last Revised:</b>	07/11/2022

# Contract Approval

## Policy Contents

<b>I. Reason for this Policy.....</b>	<b>1</b>
<b>II. Statement of Policy .....</b>	<b>1</b>
<b>III. Definitions.....</b>	<b>2</b>
<b>IV. Procedures .....</b>	<b>2</b>
<b>V. Related Documents, Forms and Tools.....</b>	<b>3</b>

## I. REASON FOR THIS POLICY

This policy provides information regarding the approval and processing requirements to enter into service related Contracts, Agreements or Memorandums of Understanding (MOU).

## II. STATEMENT OF POLICY

Pursuant to Board of Regents (BOR) Contracts and Agreements Policy 5:3, the President of The University of South Dakota (USD) has the exclusive authority to approve contracts and agreements on behalf of the institution unless otherwise specifically delegated.

The Director of Auxiliary Services shall maintain a matrix of contract and agreement types indicating any delegated authority and required approvals. The matrix may be found at myUSD Portal under the Auxiliary Services, Contract Management channel <https://my.usd.edu/uPortal/f/administration/normal/render.uP>.

In addition to any delegated authority or approval referenced in the matrix, each department must ensure the document has been approved by the appropriate senior level authority according to approval procedures developed by the Vice President of the Division.

---

### III. DEFINITIONS

**CONTRACT AND AGREEMENT:** a legally binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.

**MEMORANDUM OF UNDERSTANDING (MOU):** A document describing a bilateral or multilateral agreement between parties. It expresses a convergence of will between the parties, indicating an intended common line of action. It is often used in cases where parties either do not imply a legal commitment or in situations where the parties cannot create a legally enforceable agreement.

**Contract Lifecycle Management (CLM):** A software system used to initiate, execute, store and retrieve service related contracts.

**General Encumbrance:** A pre-expenditure that is posted against a Banner Fund Source to secure funds for the commitment.

**3<sup>rd</sup> Party Agreements:** Contractual documents provided to USD by the contracting party.

---

### IV. PROCEDURES

A written contract is required for all service-related contracts regardless of cost or term, unless otherwise approved by the Director of Auxiliary Services

All service related contracts (including 3<sup>rd</sup> Party Agreements) must be processed through the Contract Lifecycle Management system. Exceptions may be authorized by the Vice President for Finance & Administration.

A Banner General Encumbrance shall be processed whenever a contract is issued through the CLM and requires a payment obligation. Exceptions may be authorized by the Vice President of Finance & Administration.

The Director of Auxiliary Services shall review all contracts prior to execution to ensure compliance with all State, BOR and University contracting requirements. Additional legal counsel review will be performed as needed.

## V. RELATED DOCUMENTS, FORMS AND TOOLS

Auxiliary Services forms and documents: [Auxiliary Service Forms | myUSD Portal](#)

Board of Regents Agreements and Contracts Policy 5:3:

<http://www.sdbor.edu/policy/documents/5-3.pdf>