1.9.1 SIGNATURE AND FINANCIAL APPROVAL AUTHORITY

Last updated on:

Summary:
The Stanford Board of Trustees’ fiduciary responsibility for university activities includes a duty to act as a responsible steward of all university resources. This policy sets forth a framework governing the assignment of responsibility to individuals throughout the university. It is designed to provide the appropriate oversight, accountability, and transparency to ensure that commitments of university resources are executed appropriately and in accord with applicable laws, regulations and university policies. Accordingly, this Guide Memo contains policies governing signature and financial approval authority for execution of both financial and non-financial agreements on behalf of the university. This policy applies to all university operations and projects, irrespective of physical location, except SLAC National Accelerator Laboratory, Stanford Health Care and Lucile Salter Packard Children's Hospital at Stanford, and their subsidiaries and controlled entities, which are subject to their own policies.

Authority:
Approved by the President.

1. Key Definitions

a. Signature Authority/Authority to Enter into an Agreement on behalf of the University

Signature authority is a formal delegation that allows an individual to sign or otherwise enter into an agreement on behalf of the University.

Delegated signature authority is required to sign or enter into agreements (which are inclusive of any form of written or oral contracts that create any legal obligations for the university, as further described below) or otherwise bind or obligate the university to a financial or a non-financial commitment.

Note that signature authority for many types of agreements is reserved for specific university offices. See the Reserved Authority section for additional details.

b. Financial Approval/PTA Authority
Financial approval/PTA authority is a formal delegation that allows an individual to spend or approve the commitment of university funds within the scope of their management responsibility, such as a school, department or administrative unit. Generally, this type of authority is delegated within the university financial systems (as defined below) and pertains only to the approval of transactions within university financial systems. Financial approval authority does not include signature authority as described above or other reserved authority as described below. Additionally, sufficient financial approval authority is required for all transaction approvals, including projects that have already received budget approval. An individual may be delegated financial approval authority for a specific project or initiative by the President or Board of Trustees that is greater than their normal financial authority, for example with respect to a large capital project.

Administrative Guide Memo 3.2.1: Responsibility for University Funds [1] further provides that expenditures must be: (1) reasonable and necessary; (2) consistent with established university policies and practices applicable to the work of the university, including instruction, research, and public service; and (3) consistent with sponsor or donor expenditure restrictions.

c. Exercise of Authority

Individuals entering into an agreement on behalf of the university must have signature authority that has been explicitly delegated from the Board of Trustees or via the sub-delegation process from the President.

When an action is within one’s signature authority delegation, the delegate must exercise sound business judgment, including:

- Consultation and coordination with other officers, faculty, staff or other persons who may have overlapping responsibilities
- Ensuring compliance with all relevant university policies and external requirements

Visit the Gateway to Financial Activities website (Fingate) [2] for a matrix of university business partners available to provide expert resources.

2. Scope of Signature and Approval Authority Delegated to the University President

By resolution of the Board of Trustees of the Leland Stanford Junior University, the President has the general authority, on behalf of the university and its subsidiaries (excluding Stanford Health Care, Lucile Salter Packard Children's Hospital, and their subsidiaries and controlled entities), to execute agreements and other documents, and to approve and carry out transactions and other actions relating to all aspects of the operations of the university, except where powers are reserved to the Board of Trustees or other officers, divisions, or subsidiaries of the university by resolutions of the Board, the Board’s Bylaws, the Founding Grant, law, or otherwise. The delegation to the President includes, but is not limited to, the power to:

- Negotiate and execute agreements
- Execute other documents, including government and non-government documents
- Submit applications and reports
- Settle disputes
- Accept gifts, grants and/or other funding
- Exercise investment authority other than that which has been expressly delegated to Stanford Management Company (SMC)
- Create, maintain, operate and/or dissolve subsidiaries or other related entities of the university
Establish, maintain and manage bank investment and brokerage accounts and the associated funds. Additionally, all financial commitments (as defined below) exceeding $25 million require the approval of the Board, unless the commitment is:

- For ordinary and necessary expenses that are required for the day-to-day operations of the university, such as wages, employee benefits, utilities, communication and data charges, insurance premiums, food services and the like
- Required to comply with tax or other government (domestic and foreign) regulations (e.g. payments for taxes, social security, unemployment, disability insurance, etc.)
- Provided under the SLAC National Accelerator Laboratory (SLAC) Management and Operating (M&O) contract with the Department of Energy
- Provided under investment agreements managed by Stanford Management Company (SMC)

Construction, renovation or building improvement projects require the approval of the Board, unless obtaining an approval may conflict with rights that have been granted under an existing agreement, if the project is on or within university-owned land, and:

- Has a financial commitment in excess of $25 million (unless the commitment is otherwise provided under SLAC’s M&O contract or under investment authority otherwise granted to SMC),
- Is for creation of new development on a previously undeveloped site, or
- Will result in the change in use of an existing site

3. Delegation from University President to University Officers, Deans and Directors

The President may delegate signature and financial approval authority to each Officer, Dean, and Director reporting to the President (AGM 9.1.1: President and Officers Reporting to the President [3]) or Provost (AGM 9.2.1: Provost and Officers Reporting to the Provost [4]). Individual officers’ specific scope of responsibility and limits of specific reserved delegations are documented, retained and available for review in the Delegation Repository [5] on the Fingate website. The dollar limit to this authority, to the extent that it relates to financial approval authority, is documented in the university’s Authority Manager System [6].

Financial commitments (as defined in the Definitions section) that are reasonably expected to accumulate, over the course of the current or ensuing fiscal year(s), to a level in excess of an individual’s delegated signature authority must be treated as being outside of the limits of delegated authority. Such financial commitments must be approved by a delegate with the appropriate level of authority, if any, or by the Board of Trustees.

4. Sub-Delegations
Within the scope of authority documented above for each Officer, Dean and Director reporting to the President or Provost, that individual may further sub-delegate signature and/or financial approval authority within their line of reporting, unless specifically prohibited. Such sub-delegations must also be documented, retained and available for review in the Delegation Repository [5] on the Fingate website.

Signature authority sub-delegations should be limited, to the extent possible, to the next level of direct reports. All additional financial approval authority sub-delegations must be documented and maintained in the university Authority Manager system. Sub-delegations must be commensurate with the responsibilities of the sub-delegate. For example, it is generally not appropriate to sub-delegate more than half of one’s financial approval authority to another individual.

Sub-delegation of authority does not equate to delegation of responsibility. It remains the responsibility of the person granting the authority to exercise appropriate oversight to ensure that sub-delegates exercise their sub-delegation with care and responsibility.

5. Documentation

Documentation of all delegations and sub-delegations is retained and available for review in the Delegation Repository on the Fingate [2] website. For information about requesting or modifying a delegation, see the Fingate [2] website.

6. Reserved Authority

Regardless of the scope of an individual’s delegated authority, execution of certain types of transactions and agreements is reserved for specific offices within the university, as further described in the applicable policies referenced below.

a. Accepting Gifts on Behalf of the University

In general, only Office of Development (OOD) may accept gifts (e.g., cash, property, charitable gift trusts or other types of assets) on behalf of the university. In limited circumstances, individual departments (e.g., libraries and museums) are authorized to accept certain types of gifts (e.g., books, archival materials, and arts). OOD should be consulted in the gift solicitation and acceptance process as stated in AGM 4.2.1: Receiving and Processing Gifts [7].

b. Construction or Remodeling

Construction of new buildings or remodeling involving a major exterior design change is managed through Lands, Buildings and Real Estate (LBRE) [8]. Within policy, LBRE may grant approval for Departmentally Managed Projects (DMP), facility and infrastructure projects that are managed by staff within individual schools and departments; see the Departmentally Managed Projects (DMP) policy [9].

c. Employment Policies

The Provost, for faculty and academic staff appointments, and the Vice President for University Human Resources, for regular staff and contingent positions, have responsibility for establishment of employment
d. Investments

Stanford Management Company (SMC) has signature authority for its management of the Merged Pool and the Intermediate Pool, and any other investments that it manages or administers. Signature authority related to the School & Department Investment funds is documented in individual delegation letters for the applicable School/VP Area. SMC reserves the authority to direct other pools of investment capital not managed by SMC as needed to avoid conflicts with the Merged Pool and the Intermediate Pool.

e. Purchasing

University Procurement, within Financial Management Services, has responsibility for purchasing, placing orders and executing contracts for goods and services for the university, subject to the receipt of an approved Purchase Requisition. Procurement is the sole holder of this authority at the university, with the exception of sub-delegations that have been granted by the University President or otherwise approved by the Vice President for Business Affairs & CFO. Procurement maintains the list of exceptions as stated in AGM 5.1.1: Procurement Policies [10].

Individuals with sufficient financial approval authority may make purchases of commercially available off-the-shelf items and related services of $25,000 or less as long as the purchase does not require a signed agreement. These purchases must be reasonable and necessary, consistent with established university policies and practices applicable to the work of the university, including instruction, research, and public service, and must be consistent with sponsor or donor expenditure restrictions.

Intra-university service agreements, such as requests to university service centers for catering, maintenance or telecommunication services, are outside the purview of University Procurement and may be signed and negotiated by the applicable office and academic unit, as long as the transaction is routed to an approver or approvers with a sufficient level of PTA Authority.

f. Financial Accounts and Debt Issuance

Opening, maintaining and closing bank accounts is restricted to authorized staff members within the Office of the Treasurer (OoT). Additionally, OoT has responsibility for debt issuance. See AGM 3.6.1: Bank Accounts [11].

g. Related Entities

The authority to create, acquire, dispose of or terminate legal entities is reserved to the Office of General Counsel and the Vice President of Business Affairs & CFO, except as otherwise provided in the applicable policy. See AGM 3.7.1: Establishment and Governance of Legal Entities [12].

h. Research-Related Agreements

The authority to sign research-related agreements for sponsored grants, contracts, awards, and sub-awards is reserved to the Office of Research Administration [13] (ORA), the Office of Technology Licensing [14] (OTL), the Industrial Contracts Office [15], and the School of Medicine Research Management Group [16] (RMG).

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7. Related Entities and Subsidiaries
With respect to the reserved authorities detailed above, if local laws, the subsidiary’s corporate governance arrangements, or the university’s internal policies require the signature authority or financial authority to rest with the authorized representative(s) for the subsidiary, the subsidiary and the relevant offices should determine the appropriate process to review, manage and sign agreements for such reserved authorities. Otherwise, if specified in a delegation, an individual’s signature and financial authority may extend to such subsidiaries.

8. Definitions

a. Agreement

An agreement is defined as any written or oral contract between the university (which includes any of its business units or related entities) and a third party that creates any legal obligation for the university. Agreements could include, but are not limited to:

- Agreements that create any financial commitment, including the potential for a financial commitment, for the university, regardless of funding source, such as purchase orders or property leases
- Agreements that set terms for acceptance of gifts and grants
- Business Associate Addendum
- Click-through Agreement
- Collaborative Research Agreement
- Corporate formation and maintenance documents for legal entities
- Data Use Agreements [17]
- Letters of Intent [18]
- Licensing Agreements
- Material Transfer Agreements
- Memoranda of Understanding (if it contains any binding obligations) [18]
- Non-disclosure or confidential disclosure agreements
- Permission to use the university’s name
- Scope of Work/Proposal
- Software or Software as a Service (SaaS) Licensing Agreement

b. Financial Commitment

A financial commitment is defined as all amounts and/or other financial value the university (or any of its business units or subsidiaries) will be legally obligated to pay or transfer to a third party during the term of an agreement.

c. PTA

An acronym used for a Project-Task-Award combination representing an account in Stanford’s financials system.

d. University Financial Systems

Systems maintained by the university for the purposes of facilitating and recording financial transactions.
9. Special Situations

a. Internal Transfer of Expense

Internal transfer of expense, from one PTA to another, is not subject to this policy as long as the original approval of the expense was consistent with the policy documented above. However, the journal transaction must be routed to an approver or approvers with a sufficient level of PTA Authority. Reference Administrative Guide Memo 3.2.2: Cost Transfers [19] for details.

b. Non-Disclosure Agreements (NDAs) and ConfidentialDisclosureAgreements (CDAs)

The principle of openness in research, as stated in Research Policy Handbook 1.4: Openness in Research [20], sets forth freedom of access by all interested persons to the underlying data, processes, and final results of research, is of overriding importance at Stanford University. Because the university’s “open” environment is not conducive to maintaining confidentiality, generally, the university does not sign NDAs.

Principal Investigators, researchers, or others (collectively “Recipients”) may wish to accept confidential information, materials, or technology from a third-party sponsor or supplier that requires execution of a NDA. Recipients cannot sign on behalf of the university. However, Recipients may individually take responsibility for the acceptance and protection of the information, materials or technology being shared.

Standard NDA templates are available from Office of Technology Licensing (OTL) [21] and Office of General Counsel (OGC) [22].

If the sponsor or supplier agrees to use the university’s template without modifications, recipients may sign it with no further review.

Recipients should be aware that sponsor or supplier requested terms in NDAs may violate university policy. Therefore, if the sponsor or supplier presents their own template or requests modifications to the university’s template, Recipients should consult with OSR [13], OTL [14], the Research Management Group (RMG) [16], the Procurement Contracts Office [23] or OGC [22] prior to signing.

c. Memoranda of Understanding (MOUs) and Letters of Intent (LOIs)

While generally discouraged, in rare circumstances an MOU or LOI may be needed to advance a new relationship in anticipation of future formal agreements.

See the Research Policy Handbook (RPH) [18] for the full policy statement for such agreements, including a link to a standard MOU template.

d. Click-through Agreements

“Click-through” agreements are generally used in online transactions, such as purchasing of online services or licensing of software product, where a user is required to agree to terms prior to using the product or service. Click-through agreements can be legally binding and therefore are subject to this policy.

If the click-through agreement creates binding obligations on the University, please review the terms before you click “accept” to ensure that the agreement does not contain terms that violate university policies. Examples of problematic terms include:

1. Terms that involve use, license or transfer of the university’s name, logo, trademark, patents, copyright, and/or other intellectual property, including for marketing or other promotional purposes
2. Terms that may violate the university’s policies on openness in research
3. Terms that may commit the university to binding obligations that are beyond the scope of the user’s delegated authority

4. Terms that may conflict with the university’s privacy and security policies and guidelines. For example, click-through agreements should generally not be used for services involving the storage, receipt, processing or publishing of moderate risk or high risk data (e.g. unpublished research data, student records, protected health information, other personally-identifiable information) unless the service providers are reviewed and approved in accordance with applicable policies and guidelines.

Please consult with Procurement if you require assistance with a click-through agreement that may bind the university. To the extent permitted by applicable law, the university will not be bound to any click-through term or condition that conflicts with this policy or other university policies and guidelines. Also, please visit Essential Stanford Software [24] or Software at Stanford [25] for information on software available to use or purchase.


Links
[8] https://libre.stanford.edu/
[22] https://ogc.stanford.edu/