1. History
2. Purpose
3. Structure
4. Practice
History

- Post-Secondary Learning Act – establishes one legal entity – The Governors of the University of Alberta
- Lack of central, Board of Governors’ approved, controls
- Contracts being signed at all levels of the institution
History (cont’d)

• Auditor’s comments
• Need identified across campus
• Inconsistency in review processes being followed
• Office of General Counsel created in 2004
Purpose

• Create a policy framework for the review and execution of all contracts

• Balance control with flexibility and practicality

• Create internal control system and audit record
Structure

Contract Review and Signing Authority Policy

- Appointment of Faculty Procedure
- Contract Review Procedure
- Sub-Delegation of Contract Signing Authority Procedure
- Retention of External Legal Counsel Procedure
Structure

• Applies to all contracts

• Contract – “any document with a third party that creates a legally binding commitment, and includes letters of intent and memoranda of agreement”.
Structure (cont’d)

- Policy – tasks the Responsible Department with oversight of the review and execution of a contract

- Policy also identifies a signing authority for each type of contract – as delegated by the Board of Governors
Structure (cont’d)

• Signing Authority has the responsibility to ensure that all appropriate reviews and approvals are in place before they sign the contract
Structure (cont’d)

• Schedule ‘A’ - Identifies types of contracts, responsible departments and signing authority
### D. Academic Programs

Agreements for the pursuit or termination of any academically related activity, including the establishment or management of an arrangement, program or organization, within or outside the University premises, between the University and another party or the creation or dissolution of a centre or institute of the University of Alberta. In all cases, appropriate governance reviews and approvals must be followed.

<table>
<thead>
<tr>
<th>Document Description</th>
<th>Dept Responsible</th>
<th>Signing Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affiliation and other, similar, Agreements</td>
<td>Provost and V-P (Academic)</td>
<td>Provost and V-P (Academic)</td>
</tr>
<tr>
<td>Reciprocal student exchange agreements within Canada</td>
<td>University of Alberta International/Education Abroad Program</td>
<td>Provost and V-P (Academic)</td>
</tr>
</tbody>
</table>
| • Student Field Experience  
• Field placements  
• Project placements  
• Independent studies  
• Clinical Placement Agreements | Relevant Faculty | Dean of the relevant Faculty |
| Agreements for the creation or dissolution of centres or institutes | Relevant Faculty/Office of V-P | Provost and V-P (Academic) |
| Confidentiality Agreements relating to academic/course information | Provost and V-P (Academic) | Provost and V-P (Academic) |
| Academic Conference or Workshop Agreements | Provost and V-P (Academic) | Dean of the relevant Faculty and Provost and V-P (Academic) |
| Post-Doctoral Fellows Appointment Letters | V-P (Research) | Supervising Faculty Member (if any) and Dean/Chair/Director of Institute |
| Academic Funding Agreements (Faculty Specific) | Relevant Faculty | Provost and V-P (Academic) and Dean of the relevant Faculty |
| Academic Funding Agreements (Institutional with more than one Faculty) | Provost and V-P (Academic) | Provost and V-P (Academic) |
| Agreement with Post Doctoral Fellows Association | Provost and V-P (Academic) | Provost and V-P (Academic) and V-P Research |
| Graduate Student Funding/Scholarship Agreements | Faculty of Graduate Studies and Research | Dean, Faculty of Graduate Studies and Research |
| Other Academic Agreements not dealt with elsewhere in this document | Provost and V-P (Academic) | Provost and V-P (Academic) |
Structure (cont’d)

Schedule “A”

- Review the introductory notes
  - Dollar values are over entire term of contract
  - Responsible Department is the Office, not the person
Schedule “A”

- Contracts are divided into categories
- Categories then sub-divided; sometimes by dollar value
- “Other” category
Structure (cont’d)

Schedule “A” – Recent Changes

• New types of contracts
  • Ex. Various site access agreements, sponsorship agreements

• Establishes role of Information & Privacy Office in contract reviews when personal information is involved
Structure (cont’d)

General Rule:

• A contract cannot be signed unless it has been reviewed and approved in accordance with the Policy and Procedures and the individual signing the contract has authority in accordance with the Policy & Procedures.
Structure (cont’d)

Miscellaneous:

• Governance reviews and approvals still required

• Vice-President must bring ‘high risk’ contracts to the attention of the Board

• All contracts are to be in the name of The Governors of the University of Alberta
Structure (cont’d)

- Sub-Delegation in accordance with the Procedure
- Request for changes to the signing authorities to the Office of General Counsel – Board Audit would approve
Contract Review Procedure

• Sets out the process by which contracts are reviewed prior to their execution

• “All contracts of sufficient importance, regardless of value, and all contracts where there is potential for significant or uncertain liability to flow to the University.”
Contract Review Procedure (cont’d)

• General Counsel, Risk Management and Information & Privacy Offices are key reviewers in most circumstances

• Discretionary – use best judgment – consult when uncertain

• Also consider the need for review by other offices – Financial Services, Trademarks, etc.
Contract Review Procedure (cont’d)

- Certain contracts must be brought to VP’s attention:
  
a) Unusually high risk factor

b) Brings activities of University under public scrutiny

c) Involves controversial matters
Contract Review Procedure (cont’d)

Examples of when review procedures must be followed:

• Annual financial value over $500,000
• Acquisition or disposition of land
• Foreign jurisdiction
Contract Review Procedure (cont’d)

Examples of when review procedures must be followed:

• Potential for injury to persons, property, or environment

• Faculty appointment/special procedure
Contract Review Procedure (cont’d)

• Responsible Department provides draft of agreement to Office of General Counsel, Risk Management and Information & Privacy Office (if personal information involved)

*Involve our offices as early in the process as possible.
Contract Review Procedure (cont’d)

- Do not have your Dean/Vice-President, etc. sign and then send for review

- Cover sheet and signature page – includes sign-off by Responsible Department as to “business” terms
Contract Review Procedure (cont’d)

• Responsible Department must maintain the original agreement and a copy of the cover sheet
Contract Review Procedure (cont’d)

Exceptions – when Contract Review Procedure does not have to be followed:

- RSO
- SMS
- UAI
- Utilities
- Previously approved templates
Contract Review Procedure (cont’d)

• Each of these offices must maintain a system for contract reviews that meets the spirit of the Procedure
• Risk Management generally reviews specific types of clauses contained in most contracts: *Indemnification, Limitation of Liability and Insurance Clauses*

• Basics of Insurance and Indemnity Clauses

• Other Insurance – Contract Issues
There is always a risk within Contracts:

- A Party may not fulfill / deliver upon their Promise
- A Party may “injure” another party while completing their Promise
Two ways to transfer risk by contract:

1. Contractual language (Responsibilities, Warranties, Indemnity)
2. Insurance provision

*Belt and Suspenders*
• Allocate responsibility for damage
  • Regardless of financial viability
  • Regardless of whether insurance will respond

• Indemnitor - Party agreeing to indemnify the other

• Indemnitee - Party being indemnified

• As an “exclusion” they are strictly interpreted as they limit and shift liability to another
Of no value if the Indemnitor has insufficient assets to back-up the Indemnity; thus the Insurance requirement.
Typical Insurance Clause

“Company X” shall, at its own cost and expense, maintain in full force and effect the following insurance policies and acknowledgements for:

**Property Insurance** to insure all owned and/or leased property that may be used in the performance of this Agreement against perils of all risks of direct physical loss or damage in amounts adequate to cover the replacement value of such property.

**Commercial General Liability Insurance** covering legal liability for bodily injury (including death), property damage and personal injury in an amount not less than five million dollars ($5,000,000) per occurrence. Coverage is to include contractual liability, tortious liability, and completed operations liability, and contain a cross liability and severability of interest clause.

**Automobile and Non-Owned Automobile Insurance** in an amount not less than three million dollars ($3,000,000) per occurrence.

**Worker’s Compensation and/or employer’s liability insurance** as may be required by the provisions of law or otherwise deemed reasonably necessary, in an amount sufficient to provide indemnification against any and all claims.
Retention of External Legal Counsel Procedure

• External legal counsel can only be retained through the Office of General Counsel

• List of positions created – only those positions can request external legal counsel, through the General Counsel’s office [ex. Dean, Vice-Dean, Associate and Assistant Deans]
Retention of External Legal Counsel Procedure (cont’d)

• Manage legal services
• Control costs
• Budget/Issue summary in advance
Sub-Delegation of Contract Signing Authority Procedure

- Delegation vs. Sub-Delegation
- Sub-Delegation to position not person
- No further Sub-Delegation
Sub-Delegation of Contract Signing Authority Procedure (cont’d)

- Temporary – specific start and end date
- Permanent – continues until revoked or until the sub-delegated employee leaves his/her position
Sub-Delegation of Contract Signing Authority Procedure (cont’d)

• Must be an employee

• Must be in writing in the form attached

• Delegation authority’s office must maintain a record of the sub-delegation

• Individual in acting position has same signing authority – no need to sub-delegate
Sub-Delegation of Contract Signing Authority Procedure (cont’d)

- Sets out requirements of person signing the contract, for example:
  - University can meet its obligations under the contract
  - Intellectual property issues have been addressed
  - Vice-President (Finance & Administration) has been advised if expenditure under contract is >$1 million
Sub-Delegation of Contract Signing Authority Procedure (cont’d)

• Ultimate responsibility rests with Board delegate
Sub-Delegation of Contract Signing Authority Procedure (cont’d)

- Memorandum of Sub-Delegation
  - Name of delegating person
  - Position(s) being delegated authority
  - Permanent or temporary
  - Type(s) of contract
  - Value of contract
Sub-Delegation of Contract Signing Authority Procedure (cont’d)

• Signed and dated by person delegating authority
MEMORANDUM OF SUB-DELEGATION
OF
CONTRACT SIGNING AUTHORITY

To Whom it May Concern:

By means of this letter, I, [name and title], hereby delegate the signing authority for the types of contracts identified below [or attached hereto] to the [position title], on the following terms and conditions:

[Set out types of contracts or include in attachment]

1. The [position title] may execute, on my behalf, the above described contracts in an amount not to exceed [dollar limit].

2. The effective date of this delegation is [specify] and shall run [indicate time limit if any; if none, indicate that it shall run until revoked by assignor or his/her successor].

3. This delegation is made pursuant to the University’s Contract Review and Signing Authority Policy and Procedures and is subject thereto;

[signature]

Name and Title [Assignor]

Date:
Example 1

Faculty X wants to enter into a contract with a third party to allow the third party to use our laboratory facilities for a fee.
Example 1 (cont’d)

• Responsible Department – VP (Research), Faculty, VP (Facilities & Operations)?

• Signing Authority is likely the AVP (Facilities & Operations) if a lease or license is being granted – interest in land [Section A – if fee is less than $100,000]
Example 1 (cont’d)

• Contract Review Procedure applies – interest in land and risk to property, person & environment

• Legal and Risk Management review needed – likely no IPO review
Example 2

Contract with a University in China for collaboration on research and academic matters
Example 2 (cont’d)

- Responsible Department is UAI given international nature
- Signing Authority is the Provost and VP (Academic) and probably VP (Research)
- Does Contract Review Procedure apply?
- No – UAI is exempt
Questions?