TO: NCCU Faculty and Staff

FROM: Hope Murphy Tyehimba
General Counsel

DATE: July 12, 2016

RE: Process for Legal Review of Non-Standard Contracts; Hotel Contracts; Delegated Authority to Sign Contracts; Contracts Repository

1. **General.** The purpose of this memorandum is to inform the NCCU campus community of the following: (1) the process for the legal review of non-standard contracts\(^1\) for the NCCU campus community; (2) the amount of time that should be allocated by members of the campus community when providing a non-standard contract to the OLA for legal review; (3) the process for entering into a contract with a hotel and the benefits of using a hotel addendum; and (4) the members of campus community who are authorized to sign contracts on behalf of the University.

2. **Legal Review of Non-Standard Contracts.**

   a. **Legal Review Required.** When a Division or Department desires to enter into a contract wherein a vendor’s forms, term and conditions will be used to govern the contract, the contract must be reviewed by an attorney in the Office of Legal Affairs (“OLA”). When a Division or Department desires to procure a good or service, regardless of the source of funding, the Division/Department must first send the contract to the Department of Purchasing (“Purchasing”) for review. Once Purchasing determines that the Division/Department has sufficient funding to proceed with the procurement and that the contract is consistent with applicable purchasing guidelines and principles, Purchasing will then forward the contract to the OLA for legal review. The OLA will not review any contracts that have not been first routed through Purchasing for its review.

   b. **Time for Review.** The amount of time required for the OLA to review a non-standard contract is **two weeks**. Though the OLA generally provides feedback to campus constituents in less than two weeks, please note that two weeks is the standard time for the legal review of a non-standard contract. **Please keep this review period in mind and plan accordingly when making a decision to procure a good or service.** The complexity of the contract, the

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\(^1\) A non-standard contract is an agreement that is provided to an NCCU Division or Department regarding the procurement of a good or service. The non-standard contract includes the vendor’s contracting documents rather than NCCU’s contracting documents, such as the **NCCU Professional Services Agreement**, **NCCU Personal Services Contract**, **NCCU Guest Speaker Agreement**, and **NCCU Performer Engagement Agreement**.
number of contracts in the review queue, and whether or not the contract requires complex negotiations over terms and conditions, all impact the amount of time that is required for legal review.

Please keep in mind that in many cases, a vendor or entity will include provisions in its contract that North Carolina Central University, as a state entity, cannot agree to; these provisions are commonly referred to as “prohibited contract clauses.” Examples of prohibited contract clauses include requiring NCCU to agree to the governing laws of another state, payment of late fees or finance charges and automatic renewal provisions. Whenever the OLA is presented with a contract that includes prohibited contract clauses, the clauses must be removed prior to NCCU moving forward. The legal review process, and negotiation regarding the removal of prohibited contract clauses is a timely process. It is very important that you include a sufficient amount of time for the review, negotiation and execution of a contract when making a decision to procure a good or service.

3. **Hotel Contracts.** Divisions and Departments who need to contract with a hotel for accommodations or event services must submit the hotel’s contract to the OLA for legal review. However, legal review of the hotel contract is not required whenever the hotel agrees to sign a [Hotel Contract Addendum](#). Once an individual with signature authority at the contracting hotel signs both the hotel contract and the hotel contract addendum, a Division/Department may proceed with entering into the agreement with the hotel without submitting the document to the OLA for legal review.

4. **Delegated Authority to Sign Contracts.** Please note that only individuals who have delegated signature authority from Chancellor Debra Saunders-White have authority to enter into contracts on behalf of North Carolina Central University. NCCU’s [Delegation of Authority to Sign Contracts Regulation](#) includes a listing of the only individuals on campus who have delegated authority to enter into contracts on behalf of the University. Pursuant to Sections 2.3 and 2.4 of the [regulation](#), if an employee chooses to sign a contract on behalf of NCCU who does not have the authority to enter into an agreement on behalf of NCCU, the individual may be held personally liable for any and all fees that are due as per the contract terms and conditions, as well as for any litigation expenses, including damages, that may result from the contract. The individual may also be disciplined for entering into a contract without delegated authority, up to and including dismissal from the University. Please take the time to familiarize yourself with the [regulation](#) and only sign a contract if you have been authorized by Chancellor Saunders-White to do so.

5. **Contracts Repository.** After a non-standard contract has been executed by an individual with delegated signature authority at NCCU and by the vendor/entity, a copy of the contract that has been signed by both parties should be sent to the OLA at [legalreview@nccu.edu](mailto:legalreview@nccu.edu). The OLA recently created an electronic contracts repository which will include all contracts entered into by the University. Thank you for your assistance in helping the OLA to develop and create a robust contracts repository.

6. **Questions/Additional Comments.** I greatly appreciate your time and attention to the information included in this memorandum. Please feel free to contact me if you have any follow up questions regarding the information included herein at (919) 530-6105 or [legalreview@nccu.edu](mailto:legalreview@nccu.edu). Thank you.