



## Contract Approval for Auxiliary Organizations

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**Policy No.: 200-01**

Effective: 11/01/04

### **POLICY:**

All contractual agreements which would bind California State University, Northridge (CSUN) auxiliary organizations, must be reviewed by Purchasing and Logistical Services (Purchasing). This review is required regardless of monetary consideration.

### **PURPOSE:**

The purpose of this policy is to ensure that all agreements that bind CSUN auxiliary organizations are reviewed for legal requirements, conformance to CSU and CSUN policies, and are reflective of good business practices including risk and budgetary assessments.

### **PROCEDURES:**

The following procedures apply to agreements that would bind CSUN auxiliary organizations.

#### **A. Contractual agreements issued by Auxiliary Organizations:**

- Purchasing will conduct a yearly post review of contracts with each of the auxiliary organizations. The reviews will be made after the close of each fiscal year.
- The primary scope of the review by the Purchasing will be to insure conformance to Board of Trustees and CSU policy and to ensure adequate indemnification of the campus and CSU Board of Trustees against possible liability which could occur as a result of the proposed agreement.
- Purchasing will coordinate review with the appropriate departments (e.g., Risk Management, Budget Management, University Controller, Facilities Planning, etc.). Purchasing will also coordinate with the Office of General Counsel on issues that may require legal review or opinion.
- Purchasing will forward any recommendations to the auxiliary organization as a result of its annual review of their agreements.
- Each auxiliary organization will maintain a central file for their agreements.

#### **B. Guidelines for construction of contracts:**

- Contracts may only be approved by individuals with specific contract signature delegation. Each auxiliary must maintain a record of individuals who will be responsible for contract signature. The record of delegation must be maintained in the office of the Controller for each auxiliary.
- Contract payments, whenever possible, should be based on a fixed fee basis as opposed to time and material payment(s).
- The project schedule will be clearly identified with milestones and deliverables that are quantifiable and measurable.

- A project manager will be identified for each contract. The project manager will be the auxiliary organization's point of contact for the contract and is responsible for overseeing the project and approving invoices. A project manager cannot be a relative of the contractor or be any relative of any employee of the contractor's firm. Contractors cannot provide services for a campus department in which one of the contractor's relative works.
- Services should not commence until a Notice to Proceed is issued to the contractor by the auxiliary organization.

### **C. Reporting:**

Purchasing will provide the Vice President for Administration and Finance and CFO a yearly exception report of contracts that did not conform to the Board of Trustees and CSU policy. The report will include verification by the auxiliary organization of corrections made to comply with policy.

If as a result of the review it is determined an auxiliary organization is not following prescribed procedures the University will then require the auxiliary to conform to the [Contract Approval for Campus Organizations](#) that requires Purchasing to review agreements prior to execution.

### **D. Support Services:**

- Purchasing will provide each auxiliary with the current Insurance Requirements in Contracts issued by the California State University Risk Management Authority. This document provides insurance limits and requirements for contracts.
- Purchasing and the Office of Insurance and Risk Management will afford advice and counsel to auxiliaries at any point during the contract/agreement process as requested.

#### **Contacts:**

Manager, Purchasing and Contract Administration

Manager, Insurance and Risk Management

### **REFERENCES:**

The following Executive Orders are referenced:

- [Executive Order 698](#) dated March 4, 1999, sets forth the President's authority to require auxiliary organizations to operate in conformity with policies of the Board of Trustees and the campus.
- [Executive Order 849](#) dated February 5, 2003, delegates to the President responsibility to ensure that the campus carries out management measures adequate to reduce campus and CSU Board of Trustees risk exposures.

### **RESPONSIBILITIES:**

Office of Purchasing and Contract Administration

**APPROVED BY THE PRESIDENT**