

The Purchasing Post

Signature Authority

A signature is a powerful thing. How many of us have taken a deep breath right before we apply our “John Hancock” to paper for a car loan or to buy a house? Even when we click on the “AGREE” button at internet sites, we are providing our electronic mark as a sign of agreement and commitment. Because signing a contract is more than paying money; it is agreeing to all the terms & conditions included in the contract. Things like insurance, governing law, liability, indemnity, etc., are addressed and when we make our mark, we are saying we understand and agree to the terms.

Who has signature authority at Kansas State University? Who has the power to commit, not only funds, but the resources of the University to another party in a contract? Per K.S.A. 76-721 & 76-725, the chief executive officer of the regent institution has the authority, i.e. President Schulz. In turn, he has delegated limited signature authority to various individuals, e.g. the Provost, V-P’s, etc., in a written letter on file at the Board of Regents. In the purchasing world, the signature authority for contracts & purchasing agreements is the Vice-President of Administration & Finance. The Director of Purchasing (me!) has been delegated a limited amount of signature authority and departments, in turn, have limited signature authority as well. When it comes to signing contracts at the dept. level, the contracts must be under \$5000 in total value. And, regardless of the dollar amount, the contractual provisions attachment form, the DA146a, must always be attached to any contract. Exception: contracts for land leases or space rentals of any dollar amount must go through the Kansas Div of Facilities Management for approval due to a special statute.

In an attempt to control the risk factor of contracts being signed by just anybody, the Purchasing office is introducing a new form. We are asking all departments to provide a listing of the people who have authority to sign contracts, as well as the requisition and prior authorization forms which pave the way for possible contracts. We realize that signatures are already on file with the General Accounting office, but signing contracts includes more than making the payments. As stated earlier, when a contract is signed the University is being committed to all the fine print in paperwork. Individuals signing the contract may not be the same individuals who sign the payment document.



What constitutes a contract?

A contract is a binding legal agreement that is enforceable in a court of law or by binding arbitration per Wikipedia. Purchase orders are contracts as are memorandums of agreements. A verbal agreement with handshakes is a contract, as are the internet agreements established by the click of a button.

For the record, a legal contract is comprised of:

Capacity – the individuals signing have the authority to bind the parties involved;

Legality – items or services must be legal, e.g. a contract isn’t binding when purchasing stolen goods or illegal drugs;

Consideration – the item/service being received by one party and the monies received by the other party; and

Mutual Agreement – the terms & conditions have been hammered out (aka The Battle of the Forms).

