



## **Transaction Authority Policy** (Binding the University to Agreements and Commitments)

### **I. PURPOSE**

This Policy clarifies the authority individuals employed by Princeton University have been delegated to bind the University to agreements with outside parties,<sup>1</sup> including individuals and governmental entities, and to make and receive commitments on the University's behalf. It specifies dollar limits applicable to University employees' further delegation of the authority they have been given, and it notes situations where consultation with others within the University is encouraged before an individual binds the institution to an agreement or commitment.

Transaction authority differs from payment authority, which is the authority to initiate a payment. Delegation of payment authority is subject to the Office of Finance & Treasury's policies and procedures. Binding the University to an agreement or commitment would usually precede a payment under the agreement or commitment. Individuals with payment authority but without transaction authority may not bind the University to agreements or commitments with outside parties.

### **II. DELEGATION OF AUTHORITY BY THE TRUSTEES OF PRINCETON UNIVERSITY, THE PRESIDENT AND OTHER OFFICERS**

Princeton University's bylaws provide that all powers to act on the University's behalf are vested in its Board of Trustees, with the President authorized to carry out the Board's policies and actions, personally or via delegation of authority to others, including the power to transact business on behalf of the University with outside parties. In addition, the bylaws and Board resolutions appended thereto describe areas of responsibility and duties for each of the officers, reflecting authority delegated from the Trustees through the President.<sup>2</sup> Furthermore, from time to time, the Board may adopt resolutions specifically authorizing University officers, staff or faculty to act on behalf of the University with outside parties. Princeton University officers, staff and faculty may only bind the University to agreements or commitments with outside parties on behalf of the University where they have been delegated authority to do so.

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<sup>1</sup> Outside parties do not include employees and students. For example, hiring and admissions decisions are outside the scope of this Policy.

<sup>2</sup> Two types of officers exist at Princeton University, per its bylaws and Board resolutions: "Academic Officers" and "Officers of the Corporation." This Policy uses the term "officers" to refer to both groups.

The officers (as designated by the Board of Trustees) are responsible for providing the President with memoranda reasonably describing the authority they understand to have been delegated to them. Any officer who, consistent with this Policy, further delegate their authority to other University staff or faculty, as necessary or desired, must do so in a clear and appropriate manner, and describe the nature and scope of such delegations in their memoranda. All officers must assure that the President is provided, via the General Counsel, with a copy of their memorialized understanding of delegations they have received and made. They should periodically review these memorialized delegations, and annually certify to the President, through the General Counsel, their continuing accuracy.

On the academic side of the University, the President, Provost and the Dean of the Faculty delegate administrative authority to the deans of schools and department chairs (who administratively oversee faculty members in their schools/departments), as well as to directors of centers/programs/institutes.<sup>3</sup> In turn, deans, chairs and directors of centers/programs/institutes delegate administrative authority to managers (or their equivalents). The Dean for Research has specific administrative oversight of organized research activities throughout the University, including related commitments (such as equipment purchases), and the acceptance and administration of institutional research grants and contracts.

### **III. COMMON UNIVERSITY AGREEMENTS AND COMMITMENTS**

#### **A. Purchases and Sales**

The majority of agreements or commitments on the University's behalf result in the buying of goods and services, as well as (less frequently) the selling of goods and services. As noted above in Section II, officers of the University have been delegated authority from the President to engage in these types of transactions with external parties, and may further delegate this authority, in order to efficiently manage the business in their areas of responsibilities.

This Policy does not replace other University policies; rather, it provides a general framework, anticipating that specific policies may provide more detailed guidance. For example, the authority to buy and pay for goods and services is conditional: the execution of purchases must comply with the Office of Finance and Treasury's policies.

A small number of administrative departments sell goods, services and/or access to campus facilities and activities as part of their inherent responsibilities. Examples of sales in this category are ticket sales by Athletics and University Services, fees collected by Conference & Event Services, and food sales by Dining Services. These units may develop specialized infrastructure to support their sales.

The authority to sell University goods and services, where such sales are incidental or ancillary to the mission of the academic or administrative departments, is conditioned on compliance with applicable Office of Finance and Treasury policies (or those of the Dean

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<sup>3</sup> Throughout this Policy, the term "centers/programs/institutes" is used to indicate all non-departmental academic entities, including councils.

for Research where the incidental or ancillary sales relate to research) for the execution of the sales. The proceeds of all such sales shall be the property of the University and used to further its educational and research mission. University resources cannot be used for personal gain. Examples of sales in this category would be sales of music CDs, or t-shirts by an academic department.

## B. Representative Binding Authority for Agreements and Commitments

Consistent with the University’s academic and management philosophy, the actual articulation of delegated authority may be more general than specific within various units of the institution. To aid employees, and outside parties with whom they interact, the University provides below a list of the authorized, responsible individuals for the most common types of University agreements or commitments with outside parties, including those which contemplate the completion of transactions pursuant to additional and more specific University policies, such as Finance and Treasury policies. The responsible individuals have the ultimate authority for binding the University to transactions or obligations, but they may further delegate authority, subject to the limitations outlined elsewhere in this Policy.

Type of Transaction	Responsible Individuals
<b>Affiliations or collaborations</b> with other academic institutions	President, Provost
<b>Athletics commitments</b> , including games, etc.	Athletics Director
<b>Facilities &amp; Real Estate</b> <ul style="list-style-type: none"> <li>i. Construction, renovation and maintenance of all physical facilities, including architectural and engineering services <ul style="list-style-type: none"> <li>a. Physical facilities other than residential real estate that is part of the University’s housing portfolio</li> <li>b. Residential real estate that is part of the University’s housing portfolio</li> </ul> </li> <li>ii. Purchases, leases and sales of real estate <ul style="list-style-type: none"> <li>a. Purchases, leases and sales of Princeton Faculty Residential Purchase Plan properties</li> <li>b. Purchases and sales of properties in the University’s rental housing portfolio</li> <li>c. Leases of properties in the University’s rental housing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>i. <ul style="list-style-type: none"> <li>a. VP Facilities</li> <li>b. VP University Services, VP Facilities (for execution)</li> </ul> </li> <li>ii. President, Provost, EVP, VP Finance and Treasurer, and VP Facilities <ul style="list-style-type: none"> <li>a. VP University Services</li> <li>b. VP Facilities</li> <li>c. VP University Services</li> </ul> </li> </ul>

<p>portfolio</p> <p>iii. Use of campus facilities by non-University groups<sup>4</sup></p> <p>a. Long-term use or lease of space on campus</p> <p>b. Short term use<sup>5</sup> (conferences, events, etc.)</p> <p>c. Athletics facilities</p>	<p>iii. Provost</p> <p>a. Vice Provost for Space Programing and Planning, and VP Facilities</p> <p>b. VP University Services</p> <p>c. Director of Athletics</p>
<p><b>Gifts</b></p> <p>Proposals, acceptance, acknowledgements</p>	<p>VP Finance and Treasurer, VP Advancement, or Provost</p>
<p><b>Investment Matters</b>, including the purchase and sale of marketable securities and real estate held for investment purposes</p>	<p>President of PRINCO, VP Finance and Treasurer</p>
<p><b>Personnel Matters:</b></p> <p>i. Collective bargaining agreements</p> <p>ii. Employee benefits</p>	<p>i. VP of HR</p> <p>ii. VP of HR or VP Finance and Treasurer</p>
<p><b>General Purchasing:</b></p> <p>Procurement of goods and services (via designation of purchasing processes &amp; systems for execution of purchases, and designation of authorized purchasing agents)</p> <p><b>Specialized Purchasing:</b></p> <p>i. Works of art for the public collection of the University<sup>6</sup></p> <p>ii. Audits and assurance services (excluding the University's annual financial audit); consulting services from the University's external audit firm</p> <p>iii. Books, periodicals and electronic resources for the University library system</p> <p>iv. Engagement of outside legal counsel, legal support firms, and expert legal consultants</p> <p>v. Purchasing involving sponsored research funds</p>	<p>VP Finance and Treasurer, and individuals authorized through the related policies</p> <p>i. Director, Art Museum</p> <p>ii. Chief Audit and Compliance Officer</p> <p>iii. University Librarian</p> <p>iv. General Counsel</p> <p>v. Director, Office of Research and Project Administration, VP PPPL</p>

<sup>4</sup> Priority for the use of University space is given first and foremost for purposes relating directly to the core missions of supporting teaching and research for students, faculty and staff of the University. The use of any University space by non-University entities is subject to availability and specific approval by an authorized representative of the University.

<sup>5</sup> Department heads have authority to grant access to individual visitors on a case-by-case basis using the [Departmental Guest](#) process, provided such access is consistent with the University's mission and its tax exempt status. Short term use, meaning less than two weeks, other than Departmental Guests, should flow through Conference & Event Services.

<sup>6</sup> In this context, the "public collection of the University" means those objects that are placed in public spaces (indoor or outdoor) on the University's campus.

vi. Engagement of the external consultant to the Compensation Committee of the University's Board of Trustees	(for PPPL purchases) vi. VP Human Resources
<b>Rights-Granting<sup>7</sup> Transactions</b> i. Use of University's image for commercial purposes ii. Use of University's shield or seal iii. Use of University trademarks iv. Patents, Materials Transfer Agreements, etc. v. Miscellaneous	i. VP for Communications & Public Affairs ii. Secretary of the University iii. VP for Communications & Public Affairs, VP University Services (for implementation) iv. Dean for Research v. Provost, EVP, or General Counsel, as appropriate
<b>Sales of Goods or Services</b> i. Selling goods and services that are ancillary to a department's mission ii. Selling goods and services related to research that are ancillary to a department's mission iii. Sales central to the mission of the department	i. VP Finance and Treasurer ii. Dean for Research iii. EVP or other officers, as appropriate
<b>Sponsored Research</b> , including without limitation proposals, agreements, sub-agreements, renewals; patents, licenses, and related transactions i. Matters relating to the Plasma Physics Laboratory	Dean for Research i. VP PPPL

#### IV. AUTHORITY THRESHOLDS

The University has established specific dollar limits applicable to University employees' authority to bind the institution to agreements and commitments, and to their further delegation of such authority. The President, Provost, Executive Vice President and the Vice President for Finance and Treasurer and the General Counsel may provide authority to specific individual employees who report directly or indirectly to him/her to bind the University in transactions that exceed these thresholds. Requests for exceptions may also be directed to the Executive Compliance Committee, via the General Counsel. Any authorization in excess of established thresholds should be in writing, and standing authorizations should be confirmed annually.

The limits are as follows:

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<sup>7</sup> Rights-granting transactions include transactions where the University either grants or receives rights, whether or not there is monetary compensation. They include authorizing the use of University data.

Transaction levels	Authority
Transactions totaling up to \$25,000	Any University employee who is acting within the scope and limits of delegated authority, and pursuant to other applicable policies
Transactions totaling from \$25,001 - \$100,000 <sup>8</sup>	Directors (including of centers/programs/institutes) or equivalents Department Chairs
Transactions totaling from \$100,001 - \$500,000	Dean of SEAS Dean of WWS Dean of Architecture VP and Secretary of the University VP for Communications & Public Affairs VPs, Deans, and equivalent not specifically identified as having authority above \$500,000 Director of Art Museum University Librarian
Transactions totaling above \$500,001	President Provost Dean of Faculty EVP VP Advancement VP Facilities VP Finance and Treasurer VP Human Resources VP Information Technology VP PPPL VP University Services Dean for Research Director of ORPA General Counsel President of PRINCO

**V. INTERNAL CONSULTATION PRIOR TO COMMITMENT**

The University expects that an office or department will consult as follows before an individual binds the institution to certain types of commitments:

- Hiring of audit/accounting firms for non-audit projects must follow consultation with the Chief Audit and Compliance Officer and the Vice President for Finance and Treasurer.
- Hiring of search firms and human resources consulting firms must follow consultation with the Vice President for Human Resources.

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<sup>8</sup> A “transaction” should be read to mean the aggregate value of the agreement or commitment under a single contract or for a unit of time. For example, if a purchase of software will involve a payment of \$150,000 in three installments during the initial license period, authorization should be based on the \$150,000 total.

- Hiring of public relations companies, marketing firms, or communications firms must follow consultation with the Vice President for Communications and Public Affairs.
- Institutional financial contributions to non-profit organizations, community groups and/or municipalities, including membership fees and other donations, must be consistent with institutional guidelines, protocols or objectives specified by the Provost and/or the Dean of the Faculty and comply with the Office of Finance and Treasury's policy on charitable donations. Contributions to local groups must follow consultation with the Vice President for Communications and Public Affairs; other contributions may necessitate consultation with the General Counsel.
- Subvention payments must be consistent with institutional policies or objectives specified by the Dean of the Faculty, with unusual or exceptional agreements made following consultation with the Dean.
- Certifications of institutional compliance on behalf of the University must be done in consultation with the Chief Audit and Compliance Officer.
- Any commitment (including settlements) in connection with legal disputes (e.g. pending, threatened or actual litigation, governmental enforcement proceedings or inquiries) must be made or approved by the Office of the General Counsel.
- Contemplated agreements with or on behalf of organizations that are related to the University, including supporting and affiliated organizations, must be discussed with the Office of the General Counsel.
- Contemplated agreements involving the hosting or storage of University data off-campus (e.g. cloud computing services) must be discussed with the Office of Information Technology and the Office of the General Counsel.

### **Where to Go for Help & Questions**

On behalf of the Executive Compliance Committee, the Office of the General Counsel serves as a point of contact for individuals who have questions about the responsible office for a particular transaction, or other questions pertaining to this Policy. It will assist individuals in identifying the appropriate office to contact, and provide guidance on the procedure for obtaining approval for the transaction. Please address inquiries or requests for guidance to:

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 (609) 258-7789