**CONTRACT REVIEW AND APPROVAL POLICY**

**PURPOSE**

The purpose of this policy is to safeguard [EMPLOYER'S NAME]'s interests by ensuring that all commitments of [EMPLOYER'S NAME]'s resources and contracts binding [EMPLOYER'S NAME] are properly reviewed, prepared, approved, and executed by authorized personnel.

This policy is designed to comply with all applicable Kentucky state laws and regulations.

**APPLICABILITY**

This policy applies to:

1. All contracts involving the company, whether created by the company or another party. This includes, but is not limited to, agreements, licenses, leases, promissory notes, powers of attorney, terms and conditions, memoranda of understanding, letters of intent, settlements, releases, waivers, amendments, renewals, modifications, and other similar documents. If you're uncertain about whether a communication could create or change a contract, contact the [DEPARTMENT NAME] for clarification.
2. All contracts must be in writing. Oral agreements are not permitted, even if money is exchanged.

This policy applies to all employees, including officers and managers. Everyone must follow the procedures outlined in this policy for reviewing, preparing, approving, and signing contracts. No one is allowed to sign a contract on behalf of the company unless:

* The contract has been reviewed, prepared, and approved following this policy's procedures.
* The contract complies with other company policies.
* The person signing the contract has been authorized to do so.

**LEGAL REVIEW PROCESS**

Before any contract is signed, it must be reviewed or prepared by the [DEPARTMENT NAME], unless otherwise specified. If necessary, the [DEPARTMENT NAME] will consult with external legal counsel for additional support.

Contracts that require legal review

All contracts must undergo legal review before being finalized, except where exemptions apply. These include, but are not limited to:

* Agreements with consultants, independent contractors, or agencies.
* Contracts related to [EMPLOYER'S NAME]'s intellectual property, such as those involving the transfer, licensing, or acquisition of intellectual property rights.
* Any guarantees made by [EMPLOYER'S NAME] or its affiliates.
* Contracts involving borrowing or arranging credit for the company.
* Agreements where [EMPLOYER'S NAME] has committed more than [$AMOUNT], whether in financial terms, goods, or services.
* Any contracts with government entities.
* Amendments to any contract that was previously reviewed.
* Contracts that last longer than [SPECIFIED TIME FRAME].

Contracts not requiring legal review

There are certain contracts that do not require a formal legal review, provided they meet the following criteria:

* Self-service contracts: These contracts are exempt as long as:
	+ The total value does not exceed [$AMOUNT].
	+ A pre-approved standard contract template is used.
	+ No changes are made to the legal or risk management terms (e.g., templates should not be altered based on prior negotiations).
	+ Only terms within the template apply.
	+ The template is used appropriately (e.g., service agreements cannot be used for goods suppliers).
* Contracts with lower values: Any contract where the total value is less than [$AMOUNT].
* Routine transactions: Purchase orders, invoices, and bills of sale are exempt if:
	+ They do not include any special terms and conditions.
	+ The transaction has been approved via [EMPLOYER'S NAME]'s procurement process.
* Contract renewals: Renewals of existing agreements, provided they were approved by the [DEPARTMENT NAME] in the past [5 years/TIME FRAME] and the renewal terms are the same as the original agreement.

**ACCESSING CONTRACT TEMPLATES**

[EMPLOYER'S NAME]’s contract templates can be found at [location description, e.g., the Legal Department intranet page or a designated file storage location].

**NO EXEMPTION FROM OTHER REQUIREMENTS**

Even if a contract is exempt from legal review, it must still comply with all other [EMPLOYER'S NAME] requirements for review and approval.

**AVOIDING LEGAL REVIEW**

It is against this policy to split a contract into multiple parts or payments to avoid meeting the thresholds for legal review and approval.

**CONTRACT REVIEW PROCESS**

The process begins when an employee identifies a need for outside goods, services, or to establish a relationship with a third party.

Appointing a contract liaison

The employee initiating the contract should assign someone from their team to act as a liaison with the [DEPARTMENT NAME]. This liaison will assist in developing contract specifications, negotiating business terms, and confirming that any proposed terms by the other party are acceptable.

Preliminary discussions

The initiating employee should reach out to the [DEPARTMENT NAME] for guidance during any early discussions or negotiations, especially for significant contracts. Use of standard contract templates is encouraged when starting the negotiation process.

Reviewing the contract before legal review

Before submitting a contract for legal review, the initiating employee should evaluate the proposed terms, ensuring that the contract aligns with business goals, and is in the company’s best interest.

Submitting for legal review

Submit the completed contract request, including all necessary documentation, to the [DEPARTMENT NAME]. This request should be made well in advance of the contract’s intended start date. Ensure that all required sections are filled out; incomplete requests will be returned for further completion.

Urgent requests

If a contract requires urgent attention, the employee should contact the [DEPARTMENT NAME] directly to explain the situation, and the department will attempt to accommodate the rush request.

Legal review process

The [DEPARTMENT NAME] will review the submitted contract, providing feedback or an initial draft. During this time, they will consult with the liaison to resolve any issues, answer questions, and assist with interpreting or negotiating terms.

Confirming terms

The initiating employee is responsible for confirming that the contract terms meet organizational needs and securing necessary approvals from department heads, managers, and other relevant teams.

Legal approval

Once the contract terms have been reviewed and approved by the [DEPARTMENT NAME], the final version will be sent for execution. Note that [DEPARTMENT NAME] approval does not imply the contract’s business terms are settled; that responsibility lies with the initiating employee.

Executing the contract

The employee is responsible for ensuring that the authorized signatory signs the contract. The final approved version, along with all relevant approvals, should be provided to the signatory for review.

Contract documentation.

After the contract is executed, the employee must submit all relevant documents to the [DEPARTMENT NAME] for retention. This includes the signed contract and any related exhibits or documents.

Contract termination

If the employee wishes to terminate a contract early, they must consult with the [DEPARTMENT NAME] before taking any action to ensure compliance with the terms.

**AUTHORIZED SIGNATORIES**

An authorized signatory is an individual authorized to approve, sign, and deliver contracts or other documents on behalf of [DEPARTMENT NAME]. This authority is granted through the following:

* [EMPLOYER'S NAME]'s by-laws.
* A written resolution by the board of directors.
* A valid delegation as outlined in [EMPLOYER'S NAME]'s [Signature Authorization and Delegation of Authority Policy] or a similar policy.

Responsibility of the authorized signatory

Authorized signatories are responsible for:

* Verifying their authority to approve and sign the contract.
* Reviewing and approving the contract.
* Ensuring the [DEPARTMENT NAME] has reviewed and approved the contract.
* Confirming that all other necessary approvals are obtained before executing the contract.

Signature requirements

Each authorized signatory must personally sign the contract (either physically or electronically, as applicable). It is prohibited to sign on behalf of someone else unless explicitly authorized in writing for a specific purpose.

Delegation of authority

Authorized signatories may delegate signing authority, within their limits, as defined in [INSERT POLICY]. All delegations must be documented in writing and kept with the relevant contract.

Unauthorized signatures

Only authorized signatories may sign contracts for [EMPLOYER'S NAME]. If an individual without the necessary authority enters into a contract, whether oral or written, they may be held personally liable and face disciplinary action, up to and including termination.

**CONFLICTS OF INTEREST**

All employees of [EMPLOYER'S NAME] must ensure that the company does not enter into any contract that creates a real or perceived conflict of interest. When reviewing, approving, or otherwise managing contracts, employees must follow the guidelines outlined in [EMPLOYER'S NAME]'s [Conflict of Interest Policy] to address such issues. Any identified conflicts must be resolved before the contract is finalized, in accordance with the [Conflict of Interest Policy]. Documentation of the resolution must be maintained by the requester. If you have any doubts regarding potential conflicts, please contact [the Legal Department/[CONTACT INFORMATION]].

**ACKNOWLEDGEMENT OF RECEIPT AND REVIEW**

I, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (employee name), acknowledge that on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (date), I received and reviewed a copy of [EMPLOYER'S NAME]’s [NAME OF POLICY]. I understand that it is my responsibility to familiarize myself with the policy and adhere to its terms.

I also acknowledge that this policy is not intended to create an employment contract or alter my at-will employment status, unless otherwise specified in a written agreement signed by an authorized representative of [EMPLOYER'S NAME]. Any delay or failure by [EMPLOYER'S NAME] to enforce the provisions of this policy does not constitute a waiver of its rights to enforce them in the future.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date