

Policy on Contractual Relationships with Non-Regionally Accredited Organizations

(Adopted March 1973; Revised June 2003, January 2012; Edited August 2012)

Background

Institutions may contract responsibilities for programs and services, such as recruitment, admission, student support, on-line support, instructional curriculum materials, and student authentication processes to non-regionally accredited organizations ('Related Entities'). An institution accredited by the Commission is responsible for ensuring the quality and integrity of all activities conducted in its name, including activities contracted to related entities. This policy is intended to ensure that the Commission receives appropriate assurances and sufficient information and documentation to assure whether such institutions comply with the Eligibility Requirements, Accreditation Standards, and Commission policies (together Commission's Standards).

A related entity may be a corporate agent, system administrator or board, religious sponsor, funding sponsor (which, in some cases, may include an equity or investment fund), or other entity that can affect decisions related to accreditation. Related entities may also include institutions or corporate layers or groups. Ordinarily, local, county, and state legislatures, other accreditors, local advisory boards, and government agencies are not related entities.

Policy

When an institution contracts certain functions to a related entity, the institution is responsible to the Commission for presenting, explaining, and evaluating all significant matters and relationships involving related entities that may affect accreditation requirements and decisions at the time of eligibility review, candidacy review, initial accreditation, comprehensive review, follow-up and special reports, and all other times deemed relevant by the Commission. Although a related entity may affect an institution's ongoing compliance with the Accreditation Standards, the Commission will review and hold responsible only the applicant, candidate, or accredited institution for compliance with the Accreditation Standards. The Commission will protect the confidential nature of all information submitted by the institutions or by related entities except as otherwise required by law or other Commission policies.

If an institution is part of a district/system with shared facilities or processes (e.g., library) or centralized information (e.g., strategic plan), the institution may use documents prepared by the district/system in its report to the Commission.

The accredited institution's obligation to report any changes in control, legal status or ownership through its substantive change process also applies to related entities.

Guidelines for Good Practice in Contracting with Non-Regionally Accredited Organizations

The Contract should:

1. be executed only by duly designated officers of the institution and their counterparts in the related entity. While other faculty and administrative representatives will undoubtedly be involved in the contract negotiations, care should be taken to avoid implied or apparent power to execute the contract by unauthorized personnel.
2. establish a definite understanding between the institution and the related entity regarding the work to be performed, the period of the agreement, and the conditions under which any possible renewal or renegotiation of the contract would take place.
3. clearly vest the ultimate responsibility for the quality and academic integrity of the performance of the necessary control functions for the educational offering with the accredited institution granting credit for the offering. Such performance responsibility by the credit-granting institution would minimally consist of adequate provision for review and approval of work performed in each functional area by the related entity, and provisions for ending the contract if the work performed does not meet the institution's requirements, which should include adherence to all the Commission's Standards, federal laws and regulations.
4. at a minimum, clearly establish the responsibilities of the institution and the related entity regarding:
 - a. Indirect Costs
 - b. Approval of Salaries
 - c. Equipment
 - d. Subcontracts and Travel
 - e. Property ownership and Accountability
 - f. Inventions and Patents
 - g. Publications and Copyrights
 - h. Accounting Records and Audits
 - i. Security
 - j. Termination Costs
 - k. Tuition Refund
 - l. Student Records
 - m. Faculty Facilities
 - n. Safety Regulations
 - o. Insurance Coverage
5. be formally reviewed by the Commission's Committee on Substantive Change prior to execution if in the contractual relationship, more than 25% of one or more of the accredited institution's educational programs is to be offered by the non-regionally accredited organization (34 C.F.R. 34 § 602.22(2)(vii).).