

# Memoranda of Understanding

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# Memoranda of Understanding (MOU)

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## What is an MOU?

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Traditionally a memorandum was a short, semi-formal document used to transmit messages inside an organisation. Memoranda were used to document agreements (understandings) between internal departments, work units and individuals and thus the memorandum that documented these "understandings" became a "Memorandum of Understanding" or MOU. Eventually usage widened to also encompass organisations and individuals *outside* the originating organisation. Today MOUs are commonly formatted as letters, memos and other documents.

Irrespective of how they are formatted, MOUs should detail the agreement between individuals or organisations (or even countries) succinctly and in unambiguous terms. Each partner to the agreement needs to sign indicating agreement.

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## Why are MOUs Important?

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Here's an example of when an MOU may have saved the day. An infection control conference had been organised to run for three days. A conference organiser had been hired by my friend and was primarily responsible for organising the conference, without a written agreement. The second day into the conference there was a dispute between my friend and the conference organiser about whose responsibility it was to collect payment from conference attendees who wanted to visit local tourist attractions; my friend said the conference organiser had verbally agreed to do it; the conference organiser said it was my friend's responsibility and that he had made no such agreement. Eventually, one of the members of the organising committee collected and banked the money and coordinated visits to tourist spots about town.

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## Why are MOUs Important?, Continued

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This was an occasion on which an MOU would have prevented a dispute. By referring to the MOU, both parties would have known exactly what was, or was not their responsibility.

If something had been missed when the original MOU was drafted, they could have negotiated at the last minute about changes needed to see the conference through. For example, whose responsibility the additional task would be and whether additional payment had to be given for the task (if the conference organizer picked up the extra work).

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## How to write an MOU

Usually a summary at the beginning of the MOU to set the scene is required and then simply use two other paragraphs titled something like "What We Will Do" and "What You Will Do". Like this:

"I refer to our discussions wherein you agreed to provide team building training to staff at the Nhulunbuy office of the agency. Our respective responsibilities are detailed below:

### **What We Will Do**

The agency will provide:

1. a conference room with white board, overhead projector and seating for 20 people
2. mixed sandwiches, tea, coffee and fruit juice refreshments for lunch for attendees and instructors
3. a payment of \$12,345 including goods and services tax to you by electronic transfer within 14 days of the program closure
4. instructional materials up to 100 pages for each attendee

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## How to write an MOU, Continued

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### **What you will Do**

You will provide:

1. team building training as per our course outline, to 20 people at the Nhulunbuy office of the agency at an all inclusive cost of \$12,345 including GST
2. submit our tax invoice within two days of course delivery
3. a work book titled, "Effective Team Building" to each student and an additional copy for the agency library

Please read this MOU and if you agree to the responsibilities shown for this agency and yours, please sign it and return the original to the agency."

A genuine MOU would have had more items in both lists, but this gives you the general idea. Everything each signatory to the agreement will do is specified, usually in bulleted form.

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Once you have your MOU in place, signed by both (or all) parties, you can refer to it whenever necessary either to refresh your memory about your obligations or to help resolve a dispute. If it's in black and white and you agreed to it, then it's difficult to argue the contrary.

Obviously if there is a lot of money involved, or a project is complex, it's more appropriate to have a legal practitioner draft up a formal contract. For those activities however, when a contract is not necessary, an MOU can help reduce the chances of disputes or misunderstandings.

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