

Memorandum of Understanding (MOU)

What is a MOU?

A Memorandum of Understanding (MOU) is a written agreement between two or more parties that defines the roles and responsibilities of each party with respect to the collaborative efforts of a particular program/project. A MOU is sometimes called a Memorandum of Agreement (MOA).

Why is a MOU important?

A MOU is important because it outlines specific roles and responsibilities so that all parties have a clear understanding of their purpose in the partnership. With a clear understanding of the purpose, organizations can begin working together on the objectives to achieve the goal(s) of the MOU.

What makes an effective MOU?

To develop an effective MOU:

- An organization should first have a clear mission statement. With a clear mission statement, the parties can develop a meaningful purpose statement, identify the scope, assign responsibilities and outline the terms of understanding.
- A MOU should always be signed by someone in the organization with authority to enter into the agreement. Also, assign appointees (who may be different from the signing authorities) from each organization who have a strong knowledge of their organization's purpose and the purpose of the collaboration so that he or she can carry out the responsibilities as described in the MOU.
- Review a MOU at least once a year to ensure that it is fulfilling its purpose and to make any necessary revisions. All revisions should be noted and agreed upon by both signing authorities.
- Establish a term for the MOU, usually one to three years from the effective date, and state termination guidelines.

What are the types of partnerships that a MOU might establish?

There are two main types of partnerships: public-private partnership and strategic partnership.

A public-private partnership occurs when a public entity (federal, state, tribal or local government) collaborates with the private sector (corporations, nonprofit organizations, foundations or civic groups) to work on specific programs/projects.

A strategic partnership occurs when two or more groups within a business or organization join to work on a specific project/program, or when two or more like organizations work together on a specific project/program.

The main difference between the two partnerships is the legal entity of the partner. For example, if a housing authority works with a nonprofit organization to develop on a child care program, the partnership is a public-private partnership. If a housing authority collaborates with the local TANF agency to work on a workforce development program, the partnership is a strategic partnership.

How does an organization develop a MOU?

Attached are a template and sample MOUs that can be used to frame your organization's MOU.

How does an organization use the attached MOU template?

The template contains standard language used in a MOU. The italic, underlined areas require information from your organization and/or the partnering organization, and allow you to tailor the MOU to fit your needs. Fill in the italic, underlined areas with the information requested. After you fill in these areas, reread the MOU for accuracy and clarity; make changes to the standard language as necessary.