

<b>System-wide Policy: FI0420 - Contracts</b>	
<b>Version: 18</b>	<b>Effective Date: 06/01/2023</b>

## SECTION 1. Policy Statement

### I. Generally

- A. Only authorized officials may sign contracts on behalf of the University. A list of officials authorized to sign contracts on behalf of the University is available at <http://treasurer.tennessee.edu/contracts/contracts/signature.html>
  - i. Contracts without an authorized University signature are not binding on the University.
  - ii. University employees who sign contracts without authority might face civil liability and be held personally liable for the contract.
- B. Except as noted in this policy, departments must enter all contracts, regardless of dollar value, into the University's contract management system. The contract management system will route contracts through basic workflow steps. Each contract office will ensure that the contract routes through all necessary review steps.

### II. Definition of a Contract

- A. To carry out the University's business, the University frequently enters into contracts (also commonly referred to as "agreements"). A contract is any agreement between the University and another entity or person that creates an obligation, right, or liability. A contract can be binding or non-binding (for example, memoranda of understanding).
- B. Transactions that do not involve transfer of funds from one party to another (zero-dollar contracts) are considered contracts, if the transaction is in writing and will require one or both parties to sign.
- C. The title of a document does not affect whether a document is a contract. See Guidance document regarding "Contract Titles."

### III. Click-Through (Click-to-Accept) Terms and Conditions

- A. When a department acquires goods or services through a vendor's website and the vendor's website contains click-through terms and conditions (online terms and conditions requiring an end user to click "I agree"), the department does not need to submit the terms and conditions through the contract management system when all of the following criteria apply:
  - i. The online terms and conditions do not require a signature
  - ii. The department's purchase is valued under \$10,000 per vendor per calendar year
  - iii. The online transaction, if payable (the University pays the vendor), does not automatically renew (no-cost transactions for the University to acquire goods or services, or both, may automatically renew).

### IV. Direct-Bill and Credit Applications; Credit and Debit Cards

- A. Direct-bill and credit applications are not contracts, but departments must consult with their campus contract office before taking action on any direct-bill or credit applications. Contract offices must review and revise direct-bill and credit applications as they would revise contracts.
- B. Departments must not create accounts for credit or debit cards. Only the UT System Office of the Treasurer is authorized to establish the University's debit or credit card accounts. The only credit cards that the University allows departments to use are the University's procurement card and the University's travel card.

### V. Contract Management System

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- A. Departments must enter all contracts into the contract management system and allow enough time for the contract to work through the review and negotiation process. See Procedure: Department's Responsibilities in the Contract Process.
- B. Departments do not need to enter the following types of contracts into the University's contract management system:
  - i. Athletic season ticket agreements for University-owned venues.
  - ii. License of University facilities at 4H centers, University-owned swimming pools, and similar venues (note: licenses of University facilities are commonly referred to as "rentals" or facility use agreements).
  - iii. Student housing contracts between the University and students for University-owned dorms (student housing directors may sign these contracts).
- C. Each campus may develop procedures for the approval of the contracts listed above in V(B)(i-iii). For the contracts listed above, the Chief Business Officer or designee will sign on behalf of the University. Departments are responsible for retaining these records in accordance with the FI0120 - Records Management.

#### VI. Contract Signatures

- A. An official otherwise authorized to sign a contract on behalf of the University may not do so for contracts involving entities in which that individual is also an officer or a member of the board of directors. The same restriction applies if an otherwise authorized official's family member is an officer or a member of the board of directors at the other entity with whom the university is contracting.
  - i. Examples of such entities include the UT Foundation, UC Foundation, UT Research Foundation, affiliated teaching hospitals, and faculty physician practice plans.
- B. The University's authorized officials may utilize digital signatures or electronic signatures, .
- C. Faxed, scanned/emailed, photographed, digitally signed, and photocopied contracts from the other party are acceptable. The University considers such copies as originals.
- D. Signature Authority:
  - i. System Authority Contracts: The following individuals may sign System Authority contracts: President, Chief Financial Officer, Treasurer, and Secretary.
  - ii. Institution Authority Contracts: The following individuals may sign Institution Authority contracts: Chancellors; Executive Vice Presidents/Executive Vice Chancellors; Senior Vice Presidents/Senior Vice Chancellors; vice president for public service; chief business officers.
  - iii. Sponsored grants with domestic entities and sponsored contracts with domestic entities: vice chancellors for research may sign sponsored grants with domestic entities and sponsored contracts with domestic entities.
  - iv. Chief Financial Officer Signature-Authority Delegation: The Chief Financial Officer may delegate signature authority to other University officials. The Chief Financial Officer's delegation authorization will specify the scope of signature authority granted and the duration granted.

#### VII. Applicability

- A. Except as stated below, this policy applies to all contracts (including every amendment) regardless of dollar value.
- B. The following are exempt from this policy:

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i. **Purchase Orders:**

1. Purchase orders that the University’s procurement services offices issue are governed by FI0405—Procurement.

ii. **Department of Capital Projects:**

1. Contracts processed by the UT System Administration Department of Capital Projects, including, but not limited to:
  - a. Real property acquisition and disposition;
  - b. Real property leases;
  - c. Programming consultants and other specialty consultants;
  - d. Master planning consultants;
  - e. Contracts that must be approved by the Tennessee State Building Commission;

iii. **Office of General Counsel**

1. Contracts for legal services (including outside counsel, expert witnesses, and consultants) acquired by the Office of the General Counsel. The University does not require a contract for deposition or trial transcription services, or any other services provided by court reporters, when obtained by the Office of the General Counsel.
2. Only the General Counsel is authorized to obtain legal services for the university.
3. Legal dispute settlement agreements. The Office of General Counsel will not enter legal dispute settlement agreements into the contract management system. Only the Office of General Counsel is authorized to negotiate and process legal dispute settlement agreements.

**C. Sponsored Programs**

- i. Sponsored grants and contracts (including sub-awards) are governed by Systemwide Procedure: Contracts: Sponsored Programs.

**VIII. Contracts for Employee Services between the University and State of Tennessee Agencies (“dual services” contracts)**

- A. The University of Tennessee often engages with other Tennessee State-government agencies (including public colleges and universities) to obtain specialized services of Tennessee State-government personnel, commonly referred to as “dual services.” The University must process these contracts in accordance with its applicable procedure. See the Dual Services Procedure for more information.

**IX. Contracts Requiring the State of Tennessee’s Review**

- A. Under state law, the University must obtain the State of Tennessee’s review before signing certain contracts. See Procedure: Fiscal Review Committee; and Other State of Tennessee Review.
- B. Generally, the University must obtain the State of Tennessee’s Fiscal Review Committee’s approval before signing a sole-sourced (not bid) contract when the contract is longer than 1 year and equal to or more than \$250,000. See Procedure: Fiscal Review Committee; and Other State of Tennessee Review.

**X. Conflict of Interests**

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A. All contracts must comply with the University's Conflict of Interests policy. See GE0002 for additional information.

## XI. Procurement Policy

A. Departments must comply with Policy FI0405 (Procurement). FI0405 (Procurement) contains various requirements that are applicable to contracts, including the non-competitive justification (NCJ) requirement.

## XII. Prohibited Contracts

A. **Lobbying:** The University must not engage a contractor for lobbying services.

B. **Debarred/Suspended Vendor:** For payable contracts, the University must not contract with:

- i. A contractor who is debarred by the State of Tennessee.
- ii. A contractor who is listed as debarred or suspended in the System for Award Management website.
- iii. A contractor who is listed as suspended by the Office of Inspector General.
- iv. A contractor who is debarred by the U.S. Food and Drug Administration.

C. **Goods/Services with Current or Former State Employees:**

- i. Contracts with current employees of the State of Tennessee (including The University of Tennessee, Locally Governed Institutions, and Tennessee Board of Regents) for goods or services are prohibited.
- ii. Contracts with former employees for goods or services are likewise prohibited for six months after termination or final paycheck, whichever is later.
  1. This restriction, however, does not apply to:
    - a. individuals who are classified in the University's ERP system as "friends," or individuals who have a "special appointment," and
    - b. who have not been paid in the last six months.
- iii. Contracts with current employees of the State of Tennessee for the sale of goods are prohibited by state law (T.C.A. section 12-4-103(a)(1)). Tennessee law makes such a transaction a felony. Accordingly, the employee selling the goods to the state could face felony criminal charges.
- iv. Contracts with former employees for the sale of goods within the six-month period mentioned above are also prohibited by state law (T.C.A. section 12-4-103(a)(1)). Tennessee law makes such a transaction a felony. Accordingly, the former employee selling the goods to the state could face felony criminal charges.

## XIII. Paying Contractors:

A. Payments to contractors must be processed in accordance with FI0505 - Accounts Payable. For all contracts other than sub-awards and other sponsored programs, the Accounts Payable Office may approve payments related to the scope of services or products described in the contract that exceed the University's maximum financial amount stated in the contract or amendment by up to 15% or \$100,000, whichever is less; but in no event may the Accounts Payable Office pay more than \$249,999.99 for a contract that is longer than 1 year, if the contract was obtained through a sole-source process.

B. Payments above 15% or \$100,000 require advance approval from the applicable campus/institute chief business officer (or designee) and the chief financial officer (or designee), or an amendment to modify the University's payable obligation stated in the contract.

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- C. Accounts Payable has discretion to determine whether goods or services listed on an invoice, but not included in the contract, fall within the intended scope of the contract (for example, if the original contract covers catering services but fails to mention a particular food item that appears on the invoice, Accounts Payable may determine that the item on the invoice falls within the scope of the contract).

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## **SECTION 2. Reason for the Policy**

This policy ensures that contracts go through the appropriate review process. The university is a state-government agency and, as such, the university must ensure that its contracts comply with state and federal law, align with the university's mission, and are appropriately reviewed for financial considerations and liability.

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## **SECTION 3. Scope and Application**

This policy applies to all campuses, institutes, and units, and to all university employees (faculty and staff).

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## **SECTION 4. Procedures**

Contract Office Procedures

Department Review Procedures

Dual Services Employee Services between the University and State of Tennessee Agencies Procedures

Fiscal Review Committee Procedures

Other State of Tennessee Review Procedures

Sponsored Programs Procedures

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## **SECTION 5. Definitions**

**Real Property:** Real estate/land, including everything that is permanently attached to the land.

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## **SECTION 6. Penalties/Disciplinary Action for Non-Compliance**

Failure to comply with this policy could result in disciplinary action, up to and including termination. Employees who sign a contract without authorization could face individual civil liability.

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## SECTION 7. Responsible Official & Additional Contacts

Responsible Official and Contacts may have responsibilities that include monitoring compliance with the policy, accuracy of policy subject matter, organizing policy training, and updating the policy.

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation	Blake Reagan	865-974-3971	breagan@tennessee.edu
Policy Training	Abbie Shellist	865-974-3110	ashellis@tennessee.edu

### Campus Contract Office Points-of-Contact

#### AgResearch

Angela Braden, Accounting Coordinator  
[angelac@utk.edu](mailto:angelac@utk.edu)  
 865-974-2437

#### Chattanooga

Kristen Johnson, Contracts Manager  
[Kristen-johnson01@utc.edu](mailto:Kristen-johnson01@utc.edu)  
 423-425-1705

#### Knoxville, Space Institute

Erin Young, Contract Manager  
[Eyoung41@utk.edu](mailto:Eyoung41@utk.edu)  
 865-974-8576

#### Health Science Center

Trent Pitts, J.D., Director  
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 901-448-7330

#### Institute for Public Service

Abbie Shellist, Director of Procurement Services  
[Ashellis@tennessee.edu](mailto:Ashellis@tennessee.edu)  
 865-974-3110

#### Martin

Joe Croom, Contracts Coordinator  
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 731-881-7812

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865-974-3110

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## SECTION 8. Policy History

Revision 1: 12/01/2022

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## SECTION 9. Related Policies/Guidance Documents

GE0002  
GE0003  
FI0405  
FI0445  
FI0505  
FI0510  
FI0620  
FI0625  
FI0630

Guidance Document: FAQs

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