

System-wide Policy:	
FI0445 - Employee Services Between the University Board of Regents Institutions and State Agencies	
Version: 4	Effective Date: 10/01/2017

FI0445 – Employee Services Between the University Board of Regents Institutions and State Agencies

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Objective:

To provide policies on employee services between the university, Board of Regents institutions, and state agencies.

Policy:

General Policy

1. The University of Tennessee and the Tennessee state government recognize that occasions arise when the best interests of the University and the State are served by making the specialized services of certain personnel available to each other on a part-time basis. This policy describes the approved procedures the University must follow in providing the services of its employees to other State agencies and institutions and in obtaining the services of employees of other

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State agencies and institutions. The policy is required for compliance with Section 64 of Chapter 380 of Public Acts of 1975 and with Department of Finance and Administration Rules, Chapter 0620-3-2, which govern the exchange of personnel among State agencies.

Services Provided to or Obtained From State Agencies Other Than Board Of Regents Institutions

2. According to State of Tennessee regulations and rules, University employees may not enter into contracts with state government agencies, and the University may not enter into contracts with employees of State agencies.

Contracting Procedure

3. If any University department or State government agency needs to obtain the services of an employee of the other, the arrangements must be formalized in a memorandum agreement between the University and the State agency involved. No University or State agency employee may be a party to such an agreement. Any payment or transfer of funds for services under such an agreement must be between the University and the State agency and must not involve the individual employee.
 - a. **The University and the State agency will negotiate the terms of the service agreement**, and the University or agency obtaining the service will prepare a memorandum specifying the terms of agreement in a format similar to that shown in [FI0445 - Appendix A](#).
 - b. **When the University is obtaining the service from the State**, the appropriate University department should prepare the agreement (see [FI0445 - Appendix A](#)) and enter it in IRIS to create the Contract Review and Approval Form. After generating the Contract Review and Approval Form and completing the certifications on the Form, the department will attach the agreement to the Form, and then send the documents to their campus or unit contract office. After review and execution on behalf of the

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University by an authorized official (list of authorized officials available here: <http://treasurer.tennessee.edu/contracts/contractsignature.html>) , the agreement must be forwarded to the appropriate State agency for execution according to the following provisions:

- **When compensation under the agreement does not exceed \$1,500**, the agreement will be executed on behalf of the State by the head of the State agency providing the service. The State agency is responsible for submitting an **informational** copy of the agreement to the State Department of Finance and Administration and the State Department of Personnel. The State agency is responsible for returning a fully executed copy of the agreement to the University.
- **When compensation under the agreement exceeds \$1,500**, the agreement will be approved by the head of the State agency providing the service and must be forwarded to the State Department of Finance and Administration and the State Department of Personnel for approval and execution on behalf of the State. The State agency is responsible for returning a fully executed copy of the agreement to the University.

When the service has been completed, or at time intervals specified in the agreement, the State agency will prepare an invoice for the agreed-upon compensation and submit it to the University department using the service. The department will then approve and process the invoice for payment, making certain that the contractual agreement is referenced on the invoice.

- c. When the University is providing the service to the state, the State agency requesting the service should prepare the agreement and send it to the appropriate University department providing the service. After review by the University department, the department must enter the agreement in IRIS to create the Contract Review and Approval Form. After generating

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the Contract Review and Approval Form and completing the certifications on the Form, the department will attach the agreement to the Form, and then send the documents to their campus or unit contract office.

After review and execution for the University by an authorized official (list of authorized officials available here:

<http://treasurer.tennessee.edu/contracts/contractsignature.html>), the contract or business office will send the necessary **informational** copies to the State Department of Finance and Administration and State Department of Personnel (or seek their approval if the agreement exceeds \$1,500).

When all required signatures are obtained, the contract or business office will send copies of the fully executed agreement to the Treasurer's Office, the University department, and the State agency

To avoid incurring unapproved costs, the university department should not provide services to the state until the agreement has been fully executed.

When the service has been completed, or at time intervals specified in the agreement, the University department providing the service will prepare an invoice for the agreed-upon compensation and forward it to the State agency. When payment is received from the State agency, the payment should be deposited promptly with the university treasurer, and the salary portion of the payment should be credited to the appropriate salary general ledger account of the cost center/WBS element from which the employee is paid. The non-salary portion of the payment should be credited to the appropriate non-salary general ledger accounts in the cost center/WBS element involved.

- d. **Agreement format** (see Appendix A for sample format). The agreement must contain the following information:

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- The name(s) of the employee(s) concerned and a description of the service(s) to be performed for the department or agency obtaining the service. (Note: social security numbers should not be included in the agreement. However, if social security numbers are included, the only acceptable format is to redact the first five digits, for example: xxx-xx-1234).
- A statement of the rate and means of compensation to the department or agency providing the service and the date or period at which such payment(s) is due. When the University is providing the service, full employee compensation (including staff benefits) should be included when determining the total amount to be charged to the State agency.
- A statement of the maximum amount to be paid under the agreement.
- A provision that the agreement is not binding for either party until it is approved by the State Department of Finance and Administration and the State Department of Personnel if the amount involved exceeds \$1,500.
- A statement of the effective period of the agreement, including both the beginning and ending dates.
- A provision that the agreement may be terminated by either party by giving written notice to the other in a stated number of days in advance of the effective date of such termination.
- If the university is providing the service, the agreement must indicate the method by which the employee(s) will be paid under the contract. The method must be in accordance with university personnel policy pertaining to employee compensation, and the employee(s) should be made aware of the method to help avoid misunderstandings.

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[Services Provided To Or Obtained From State Board Of Regents Institutions \(Including Community Colleges\)](#)

4. The related functions of the University of Tennessee and the State Board of Regents institutions, combined with the need for effective and efficient use of personnel, often require the exchange of employee services between both systems. Generally, the exchange of employee services is accomplished by contracts between the University and the State Board of Regents institutions. Neither system will contract directly with employees of the other. However, to simplify the exchange of employee services of limited term and compensation, exceptions will be made for the following services.
 - a. **Short-term Non-teaching Services.** When non-teaching services of a university or Board of Regents employee are used by either system on an infrequent or short-term basis (not exceeding 15 hours in one week), either system may compensate an employee of the other by a direct payment of a predetermined honorarium or fee up to \$1,500 in any one school term. In such cases the employee is obligated to secure prior approval for such services and the resulting compensation from his or her supervisor. The appropriate honorarium or fee may be paid directly to the employee by the institution receiving the services. [A REQUEST FOR SPECIAL PAYMENT \(FORM T-27\)](#) must be used to reimburse State Board of Regents employees who provide services to the University (Appendix C).
 - b. **Instructional Services Not Exceeding One Credit or Non-credit Course per Term.** When the employee service involves instruction not exceeding one course per term, a formal contract will not be required; however, written approval must be obtained in advance from the employee's supervisor. Individuals providing instructional services will be considered part-time term employees of the institution to which the services are provided and will be compensated through that institution's payroll system. State Board of Regents employees who provide

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instructional services to the University will be paid either on the monthly or quarterly salaried payroll. The department obtaining the service should initiate a [PERSONNEL INFORMATION FORM](#) (PIF) and submit it through the appropriate channels along with a copy of the supervisor's approval letter (Appendix D).

Contracting Procedure

5. Other than the circumstances described above, the exchange of employee services between the University of Tennessee and State Board of Regents institutions requires a formalized written agreement between the University and the institution involved. No employee of either system may be a party to the agreement. All payments for services covered by agreements between the University and the Board of Regents institution must be sent directly to the institution rather than to individual employees.
 - a. **When the University is obtaining the service from a Board of Regents institution**, the appropriate University department should prepare the **AGREEMENT** (see Appendix A) and enter it in IRIS to create the Contract Review and Approval Form. After generating the Contract Review and Approval Form and completing the certifications on the Form, the department will attach the agreement to the Form, and then send the documents to their campus or unit contract office. After review and execution for the University by a designated campus or unit n authorized official (list of authorized officials available here: <http://treasurer.tennessee.edu/contracts/contractsignature.html>) the agreement will be forwarded to the appropriate Board of Regents institution. After review and execution by the institution, a fully executed copy of the agreement should be returned to the University. When services have been completed, or at time intervals specified in the agreement, the Board of Regents institution will prepare an invoice for the agreed-upon compensation and send it to the University department obtaining the service. The University department will approve and process

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the invoice for payment (provided the services covered in the billing have been received) and reference the agreement on the invoice.

- b. **When a Board of Regents institution is obtaining the service from the University**, the appropriate institution requesting the service should prepare the agreement and send it to the appropriate University department providing the service. After review by the University department, the department must enter the agreement in IRIS to create the Contract Review and Approval Form. After generating the Contract Review and Approval Form and completing the certifications on the Form, the department will attach the agreement to the Form, and then send the documents to their campus or unit contract office. After review and execution for the University by a designated campus or unit authorized official (list of authorized officials available here: <http://treasurer.tennessee.edu/contracts/contractsignature.html>), the contract or business office will send it to the Board of Regents institution for execution. The institution will return a fully executed copy of the agreement to the University department. When the service has been provided, or at intervals specified in the agreement, the University department providing the service will prepare an invoice for the agreed-upon compensation and send it to the Board of Regents institution. When payment is received, the salary portion of the payments should be credited to the appropriate salary general ledger account of the departmental cost center/WBS element from which the employee(s) providing the service is paid. The non-salary portion of the payment should be credited to the appropriate non-salary general ledger accounts of the departmental cost center/WBS element.
- c. c. The written agreement should be similar to the format in [Appendix A](#) and contain the same information described in **3d.** above, with the exception of the fourth item pertaining to approval by the State Department of Finance and Administration and the State Department of

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Personnel. These approvals are not required for contracts between the University and State Board of Regents institutions.

Compensation To The Employee Providing The Service Or Recovery By The Employer Department

6. It is the obligation of all University employees to fulfill the duties and responsibilities for which they are compensated. Normally, formal agreements providing for employee services to other agencies and institutions will be approved only if the services will not reduce the time available for employees to perform their regular duties at the University. However, exceptions to this policy will be made when the services provided are determined to be within the scope of the normal duties of the employee. Unless it is obvious from the terms of the agreement that an employee's regular duty time will not be reduced, a statement that describes when services will be performed must be submitted to a vice president along with the proposed service agreement.

Extra Compensation To University Employees

7. If the contracted services provided are completely in addition to the employee's workload at the University and are performed on the employee's own time, extra service compensation to the individual may be authorized by the employer department. Such payments are made using the [ADDITIONAL PAYMENT](#) form (Appendix E). Payments to the individual may not be authorized until the University has received payment from the other agency or institution.

Recovery By Employer Department

8. If the services provided under the contractual arrangement with the other agency or institution are within the scope of the duties or normal workload of the individual for which he or she is compensated by the University, all payments to the University from the other agency or institution will be credited as a recovery to the salary expense of the applicable department.

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FORMS:

- [Additional Payment E-form Instructions](#)
- [Contract Review Form](#)
- [Memorandum Agreement - Appendix A \(FI0445 - Appendix A\)](#)
- [Personnel Information Form - PIF](#)
- [Request for Special Payment Form T-27](#)

PROCEDURES:

Knoxville:	http://budget.utk.edu/fiscal-policy/
Health Science Center:	https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f&
Institute of Agriculture:	https://ag.tennessee.edu/Pages/UTIApolicies.aspx
Martin:	http://www.utm.edu/departments/finadmin/procedures.php
Chattanooga:	http://www.utc.edu/business-financial-affairs/fiscalpolicies.php

FOR MORE INFORMATION:

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