

UT Health Science Center: FI0420-H Service Contracts	
Version 1	Publication Date: 05/26/2022

No./Title: F420 Service Contracts	Resp. Office: FINANCE	Effective Date: 04/01/2021
Category: Contracts	Last Review: 03/31/2021	Next Review: 03/31/2023
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Forms: Quick Links		
Related Policies: FI0420 - Contracts		

PURPOSE

The purpose of a contract is to establish the obligations, rights, and liability of the University of Tennessee and another party in exchange for services. University **Fiscal Policy FI0420 - Contracts** provides guidelines concerning contracts. Procedures specific to the Health Science Center (HSC) are as follows:

CONTRACTING DOCUMENTS

The Standard University of Tennessee contract forms and contract amendments to be used by HSC are located at the Business Contracts website, www.uthsc.edu/finance/contracts. If the vendor’s contract form is being utilized, an electronic copy of the contract should be provided to the Business Contracts Office in an editable format for the inclusion of University revisions.

ESM ENTRY

All business contracts should be entered into the Contracts Management System (ESM). Instructions for the entry of contracts into this system are located at the Business Contracts website, www.uthsc.edu/finance/contracts. Exceptions to these instructions for the Health Science Center are as follows:

- Encumbrance of contracts is not allowed for the Health Science Center.
- Selection of the appropriate college/division.
- Entry of receivable contracts:
 - Use of a Customer # - begins with a “5”. New Customer numbers can be requested in IRIS through transaction ZAR_CUST_REQST.
 - Selection of “Yes” to “Post A/R in IRIS-Memphis Only”
 - Completion of the A/R tab to designate how invoices are to be billed.

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FISCAL REVIEW COMMITTEE REQUIREMENTS

For payable contracts equal to or exceeding \$250,000 and have a term of longer than one year, require the review and approval of the State of Tennessee Fiscal Review Committee. The Chief Financial Officer is HSC's liaison with the Fiscal Review Committee. Contracts requiring the approval of the Fiscal Review Committee are required to be submitted to HSC's Business Contracts Office at least 90 days prior to the effective date of the contract or amendment. For those contracts or amendments submitted later than the 90- day requirement, the effective date of the contract or amendment may be changed at the discretion of the Vice Chancellor/Chief Financial Officer.

PAYABLE CONTRACTS - PAYMENT OF OVERAGE OF UNIVERSITY'S MAXIMUM FINANCIAL OBLIGATION

Upon prior approval, contract payments to contractors may exceed the University's maximum financial obligation by the lesser of 15% of the contract total or \$100,000. To pay a contractor an amount within this limit, approval must be requested in advance by sending an email to the Director of Contracts that provides: 1) the amount of and percentage of the overage; and 2) an explanation detailing why the overage occurred. In the event the sum owed is beyond the 15% or \$100,000 limit, the Department should contact Senior Vice Chancellor for Finance & Administration / Chief Financial Officer, who may either approve payment or require an amendment be executed before payment.

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