

Procedure for FI0420: Contracts Other State of Tennessee Review	
Version: 1	Effective Date: 3/01/2023

## Objective

This procedure outlines additional contracts that must be routed to various State of Tennessee offices for review.

## Scope

This procedure applies to all departments, but the primary focus of this procedure is the UT System and various campus contract offices.

## Roles

UT's departments and contract offices will use this procedure to determine whether the University must present a contract to State of Tennessee offices.

## Procedure

- I. **State of Tennessee Review, Generally:** Tennessee Code Annotated § 12-3-303 requires that specified state officials review specific types of contracts before the university can proceed with signing the contract. Under Tennessee Code Annotated § 49-3-1205(11), the Tennessee State School Bond Authority reviews certain transactions that involve borrowing money for any purpose. Additionally, other state of Tennessee regulations require that the University send certain contracts to state of Tennessee offices for review.
  - A. **Types of contracts requiring state of Tennessee review:**
    - i. **Auditing Services**
      1. The State of Tennessee Comptroller of the Treasury will review contracts for auditing services. The University must obtain the Comptroller's approval before signing the contract. Tenn. Code Ann. § 12-3-303(a)(2).
    - ii. **Contracts Resulting in Layoffs of University Employees**
      1. The State of Tennessee Fiscal Review Committee will review all contracts between the university and a private party that: (1) are valued at \$2,500,000 or more, and (2) result in the layoff or furlough of one or more University employees. Tenn. Code Ann. § 12-3-312.

- a. For contracts that fall under the above criteria, the university must produce an economic impact statement and must submit it at least 45 days before the proposed start date of the contract.

iii. **Engineering or Architectural Services**

1. The State of Tennessee State Architect will review contracts for engineering services. Tenn. Code Ann. § 12-3-303(a)(3).
2. The State of Tennessee State Architect will review contracts for architectural services. Tenn. Code Ann. § 12-3-303(a)(3).

iv. **Financial Management or Accounting Services**

1. The State of Tennessee Commissioner of Finance and Administration will review contracts for financial management. The University must obtain the Commissioner's approval before signing the contract. Tenn. Code Ann. § 12-3-303(a)(1).
2. The State of Tennessee Commissioner of Finance and Administration must review contracts for accounting services. The University must obtain the Commissioner's approval before signing the contract. § 12-3-303(a)(1).

v. **Leases**

1. The University must present to the Tennessee State School Bond Authority (TSSBA) leases that meet one or more of the criteria below:
  - a. Real Property (land, buildings, etc.)
    - i. Annual rent is more than \$250,000 per year
    - ii. The lease term is more than 5 years.
  - b. Non-Real-Estate (tangible property)
    - i. Annual lease payment is more than \$250,000 per year

vi. **Private Companies Operating University Space**

1. If the university's Controller's Office advises that a contract will involve a private-sector business operating university space that was financed with tax-exempt bonds, the Tennessee State School Bond Authority (TSSBA) must review. The Treasurer is the university's liaison with the TSSBA.

**II. Central Point of Contact**

- A. To ensure consistency with communications between the University and the State of Tennessee, the University will centralize its communications for contracts that the State of Tennessee will review.
- B. For any contract that the University must send to the State of Tennessee, the applicable contract office will work through the official that the Chief Financial Officer designates to be the central point of contact.

### **Penalties/Disciplinary Action for Non-Compliance**

Failure to comply with this procedure could result in adverse human resources actions. Further, failure to comply with this procedure could result in negative consequences for the university, as a whole.

### **Responsible Official & Additional Contacts**

<b>Subject Matter</b>	<b>Office Name</b>	<b>Telephone Number</b>	<b>Email/Web Address</b>
Policy Clarification and Interpretation	Blake Reagan	865-974-3971	breagan@tennessee.edu