

COMMON CONTRACT ERRORS

1. Not adhering to Prohibited Provisions published in Fiscal Policies.
 - a) The official contract name should be “The University of Tennessee”. If you want to identify the campus and/or department, it should read “The University of Tennessee **on behalf of or through** its Health Science Center”.
 - b) Cannot agree to indemnification, hold harmless, arbitration language
 - c) Cannot be governed by the laws of another state or entity
 - d) Can only be liable up to the provisions of the Tennessee Claims Commission Act
 - e) Outside of HIPPA regulations, can only agree to keep information confidential as outlined in the Tennessee Open Records Act
 - f) Cannot agree to pay attorney fees/costs of collection/court costs
 - g) Cannot agree to pay punitive/exemplary/treble damages
 - h) Cannot agree to be responsible for the acts of others (agents, subcontractors, guests, etc.)
 - i) Cannot agree to multi-year commitment of funds
 - j) Must have an out clause for the University
 - k) Please see all other Prohibited Provisions
2. Amendments:
 - a) Provide the contract number that is being amended.
 - b) Should clarify what is being amended.
 - c) Include the description of services on all amendments.
3. Ensure that you are using the most current University contract form with the most current Standard Terms and Conditions. The most current form can be found on the Business Contracts Office website, <http://uthsc.edu/finance/buscontracts>.
4. Contracts should be processed timely.
5. ESM requires vendor numbers on all contracts. For payable contracts, an IRIS vendor number is required. You will continue to request your vendor number through IRIS transaction ZXK1. If there’s not an existing IRIS vendor number for your receivable and/or zero dollar contract, numbers can be requested by going to procurement.tennessee.edu, select the “Contract Management System” drop down and click on “Vendor Number Request Form”. Complete and submit. A number should be generated within a day.
6. Ensure you select the correct contact party under Vendor information.
Remember, this is information used by the Contracts Office to forward contracts via DocuSign for contract signature. **It only delays obtaining the signature on the contract by not ensuring the selected information is accurate.**

7. Must provide a lateness justification letter on those contracts that are being processed after the effective date.
8. Software Agreements – IT approval is required prior to the processing of the contract.
9. Payable contracts cannot be indefinite. There can be an automatic renewal clause for up to four additional terms of one year each. The total term cannot exceed five years. An “out-clause” is required after every one-year term. The University’s maximum financial liability on these agreements must be inclusive of the dollars being paid for the initial term plus the dollars for any additional automatic renewal term(s).
10. When travel is part of the reimbursement for services, the travel expenses must be included in the University’s financial maximum liability total.
11. A University employee cannot be a party to a contract.
12. Hotel/Catering Contracts:
 - a) Obtain prior approval from Finance and Operation when alcohol is being paid for by the University and ensure that language is written in agreement that payment can be made. All alcohol charges can only be paid against an “R” account that allows for payment for alcoholic beverages.
 - b) Obtain prior approval from Finance and Operation for payment of deposit.
 - c) Cannot agree to pre-pay services or payment by credit card.
 - d) Because of the attrition clause in these agreements, include the cost of the block of guest rooms (even when the individual is responsible for payment) into the overall maximum liability of the contract.
 - e) Ensure language is included for incidental expenses for your event (e.g. AV, telephone services).
13. Restricted Account Numbers:
 - a) When new restricted account numbers are being created for service contracts, please forward the notification of the newly assigned number to the Contracts Office.
 - b) Please ensure that the service dates of the contract are inclusive in the grant dates reflected in IRIS.
14. All payable agreements and/or amendments with a cumulative total of \$250,000 or more require the approval of the State Fiscal Review Committee. These documents are due in the Contracts Office **ninety (90) days prior to the effective date of the service**. If negotiations for these services are not final, a

“draft” agreement is acceptable for approval purposes only. Please provide an electronic copy of the agreement to the Contracts Office.

15. No one, other than an authorized University official, is authorized to sign agreements or contracts of any types or of any dollar amount on behalf of the University. Department heads, business managers or Principal Investigators are not authorized to sign agreements or contracts.