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19.1 Contract Overview

Policy Statement

“The Board of Trustees of the University of Illinois” (the “Board”) is a public corporation of the State of Illinois with the authority under Illinois law to manage and operate the University of Illinois, including the power to contract and be contracted with. By law, the contracting party for all University of Illinois contracts is the Board. The Comptroller is the general fiscal officer of the Board and is authorized to sign contracts to which the Board is a party, unless otherwise ordered by the Board in specific cases. The Comptroller is authorized to delegate to responsible members of the staff of the University of Illinois authority to sign contracts in the name of the Comptroller. (*General Rules Concerning University Organization and Procedure*, Art. II, Section 4(h)). Neither faculty nor staff has authority to bind the Board to a contract, either verbally or in writing, unless authorized to do so in writing by the Comptroller or as otherwise provided in *Section 19 Contracts*.

Reason for the Policy

The execution of University of Illinois policies, including those relating to contracts, is delegated to administrative agents of the Board, acting under its general supervision. The reason for this policy is to establish what constitutes a University of Illinois contract and who has authority to sign University of Illinois contracts for the Board.

This policy is also intended to clarify that the campuses of the University of Illinois, which under the 2016 Strategic Framework are now referred to as universities of the University of Illinois System, and any sub-divisions thereof, are not legal entities and may not enter into contracts.

Applicability of the Policy

This policy applies to all University of Illinois contracts. For purposes of *Section 19 Contracts*, “University of Illinois contracts” shall refer to all contracts entered into by the Board and one or more external parties, including zero-dollar contracts, revenue-generating contracts, and procurement contracts, whether for the benefit of the entire University of Illinois, one or more campuses, or any sub-divisions thereof.

A **contract** is an agreement between parties that creates legally enforceable rights and obligations. Contracts may be referred to by a variety of terms, including but not limited to agreements, purchase orders, proposals, memoranda/letters of understanding, click-to-accept online terms and conditions, addenda, or amendments. Whatever it is called, if the document is intended to create legally enforceable rights and obligations, it should be treated as a contract under *Section 19 Contracts*.

Agreements between units of the system are not contracts and are not subject to this policy.

Procedure

University of Illinois contracts must be processed, approved, signed, and filed appropriately. University of Illinois contracts shall be entered into in the name of “The Board of Trustees of the University of Illinois.”

19.2 Standard and Non-standard Contracts

Policy Statement

Only unaltered pre-approved Standard Contract Templates or properly approved Non-standard Contracts may be used to enter into contracts to which the Board of Trustees of the University of Illinois is a party.

Reason for the Policy

The University of Illinois uses unaltered pre-approved Standard Contract Templates or properly approved Non-standard Contracts to protect the system, comply with legal obligations, manage risk, and maintain consistency to the extent reasonably possible when facilitating business transactions.

Applicability of the Policy

This policy applies to all University of Illinois contracts.

Procedure

Units must follow the appropriate contracting process for each University of Illinois contract. The characteristics of the proposed transaction determine the appropriate contracting process to be followed.

Standard Contract Templates

Refer to *19.2.1 Standard Contract Templates* for definition of Standard Contract Templates and processing requirements.

Non-standard Contracts

Refer to *19.2.2 Non-standard Contracts* for definition of Non-standard Contracts and processing requirements.

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19.2.1 Standard Contract Templates

Policy Statement

Standard Contract Templates are contract templates that have been drafted by a contract processing office and pre-approved as to legal form and validity by the Office of University Counsel and whose language has not been altered. Standard Contract Templates should be used to facilitate common business transactions and to expedite the contract process.

Standard Contract Templates should be approved by the Office of University Counsel at least every four years or sooner to reflect changes in law, policy, or interpretations.

Reason for the Policy

Standard Contract Templates may expedite the contract process for common business transactions.

Applicability of the Policy

This policy applies to all University of Illinois contracts.

Procedure

Units must follow the correct procedure to process and sign Standard Contract Templates.

If a Standard Contract Template is altered, it becomes a Non-standard Contract and must be processed following *19.2.3 Non-Standard Contracts*.

Standard Contract Templates that May Be Signed by a Unit Head

The following pre-approved Standard Contract Templates, if unaltered, do not need to be submitted to a contract processing office for review and affixing of the Comptroller's signature. Instead, the Comptroller has delegated signature authority to unit heads for the below unaltered pre-approved Standard Contract Templates, provided they are used consistent with their intended purposes and any use parameters. The unit head signs the Comptroller's name and their own name as described in *19.4 Contract Signature Authority and Delegation*. A unit head is a department head or higher. Some units do not have department heads; some small colleges do not have departments. When there are only college-level offices for administration, signature should be that of the dean or associate dean as 'unit head'. These contracts do not require a Contract Approval/Routing Form (CARF) or routing in the Illinois Contract System (ICS). Units must retain a copy of the fully signed contract. These contracts are not submitted to the University Contract Records Office (UCRO), as outlined in *19.5 Contract Filing*.

System-wide Standard Contract Templates

- [Contract for Services under \\$10,000](#)
- [Amendment to Contract for Services under \\$10,000](#)
- [Revenue Generating Services Agreement \(less than \\$20,000; cannot be used for healthcare related services\)](#)

Urbana-Champaign university-wide Standard Contract Templates

- Technical Testing Services Agreement under \$20,000
- Facility Use Agreement under \$20,000 (research space or specialized equipment)

Unit-specific Standard Contract Templates under \$20,000

Contract processing offices and Counsel coordinate with individual units to create contract templates when there is a demonstrated business need. Units should contact the appropriate contract processing office for additional information.

Standard Contract Templates that Must be Signed through a Contract Processing Office

All Standard Contract Templates not identified above as being signable by a unit head **must be** submitted to the correct contract processing office for review and affixing of the Comptroller's signature. Units should include the appropriate fully signed CARF or route the Standard Contract Template via the appropriate checklist in iCS. The following list includes commonly used Standard Contract Templates.

- [Contract for Procurement of Supplies and Services](#)
- [Revenue Generating Services Agreement \(\\$20,000 or more; cannot be used for healthcare related services\)](#)
- [Agreement for UIC Student Placement in a Practice Setting](#) (Domestic)
- [Agreement for other institutions' Student\(s\) Placed at UIC](#) (Domestic)
- [Mutual Nondisclosure Agreement](#)
- Technical Testing Services Agreement (\$20,000 and over)
- Facility Use Agreement (\$20,000 and over - research space or specialized equipment)

Additional Resources

[Contracts Forms](#)

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19.2.2 Non-Standard Contracts

Policy Statement

Non-Standard Contracts are custom contracts, other party agreements, or altered Standard Contract Templates. Non-Standard Contracts may be used when use of an unaltered Standard Contract Template is not feasible.

Reason for the Policy

For some business transactions, use of an unaltered Standard Contract Template is not feasible. Permitting the use of Non-standard Contracts facilitates engaging in a broader array of business transactions.

Applicability of the Policy

This policy applies to all University of Illinois contracts.

Procedure

Units must follow the correct procedure to process and sign a Non-standard Contract.

A Non-standard Contract must be submitted to the appropriate contract processing office for review and affixing of the Comptroller's signature. Units should include the fully signed Contract Approval/Routing Form (CARF) or the appropriate checklist, if routed through the Illinois Contract System (ICS).

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19.3 Contract Approval Authority

Policy Statement

A University of Illinois contract must have the appropriate level of approval before it is signed.

Reason for the Policy

Contracts are initiated by the faculty and staff best acquainted with the subject matter and who have responsibility for the performance of the contract. The unit head is responsible for monitoring the performance of their contracts. Further levels of approval may be required to provide additional fiscal oversight.

Applicability of the Policy

This policy applies to all University of Illinois contracts.

Procedure

A university or the System Offices may reduce the dollar thresholds for which further levels of approval are required. Units should follow reduced approval thresholds, if modified by their university.

Contract type and dollar amount dictate the approval requirements. The signature on the Contract Approval/Routing Form (CARF) or electronic approval in Illinois Contract System (ICS) of the next higher-level administrator for a given contract negates the need for approval(s) at a lower level.

All contracts: The unit head, or their delegate, that is responsible for the performance of the contract must approve the contract, and if required, sign the CARF or provide electronic approval if using iCS. A unit head is a department head or higher. Some units do not have department heads; some small colleges do not have departments. When there are only college-level offices for administration, signature should be that of the dean or associate dean as 'unit head'. If the unit head approval authority is delegated, the unit must maintain documentation of such delegation. An individual university or the System Offices may restrict the ability to delegate this approval.

\$100,000 or more during the original term: The relevant dean or director of the unit, or their delegate, must approve any contract valued at \$100,000 or more during the original term, and if required, sign the CARF or provide electronic approval if using iCS. If the dean or director approval authority is delegated, the unit must maintain documentation of such delegation. A university or the System Offices may restrict the ability to delegate this approval.

\$200,000 or more during original term: The relevant university or System Offices chancellor/provost/vice president/vice chancellor/vice provost/assistant vice president, or their delegate, must approve any contract valued at \$200,000 or more during the initial term, and if required, sign the CARF or provide electronic approval if using iCS. If the chancellor/provost/vice president/vice chancellor/vice provost/assistant vice president approval authority is delegated, the unit must maintain documentation of such delegation. A university or the System Offices may restrict the ability to delegate this approval.

\$250,000 or more in a fiscal year (expenditure only): The President, or their delegate, and the University Counsel, or their delegate, must sign or approve any expenditure contract or contract renewal in the amount of \$250,000 or more in a fiscal year, any order against a master contract in the amount of \$250,000 or more in a fiscal year, and any amendment or change to an existing contract that increases the value of the original contract to or by \$250,000 or more in a fiscal year.

Board Approval and Additional Financial Approvals

Certain contracts require specific authorization from the Board of Trustees, as partially outlined in *1.3.1 Approval of Financial Documents*.

Additional Approval Requirements

Certain contracts require additional approvals and administrative tasks. Contract processing offices advise units about transaction-specific requirements.

Legal Review

The Office of University Counsel (Counsel) must review and approve certain contracts as to legal form and validity. The appropriate contract processing office will ensure appropriate Counsel review for contracts processed by that office.

The following contract types require documented approval from Counsel.

- Contracts and contract renewals that require Chief Legal Counsel approval under the *State Finance Act* (30 ILCS 105/9.02(a)(1))
- Contracts that will be submitted to the Board of Trustees for specific approval
- Settlements of claims or disputes
- Revenue generating contracts (i) for healthcare services; (ii) with healthcare professionals; or (iii) with healthcare organizations*
- Contracts for legal services and investigations
- Contracts that provide third parties access to student data*
- Employment resignation and separation agreements
- Contracts that provide third parties access to protected health information*

*For contract types marked with an asterisk, use of an unaltered Standard Contract Template that was previously approved as to legal form and validity per *19.2.1 Standard Contract Templates* for use with that contract type shall constitute documented approval from Counsel.

Additional Resources

UIC: Upon signing a contract, units should refer to [BFA-1200-001 Contract Monitoring](#).

19.4.1 Electronic Signatures

Policy Statement

The University of Illinois may provide and accept an electronic signature as legally binding and equivalent to handwritten signatures to a contract as permitted by law. An electronic signature is defined as a signature in electronic form attached to or logically associated with an electronic record.

Units seeking to provide and accept electronic signatures must:

1. Comply with conditions for providing identity assurance, such as, authenticating the identity of the user through university systems or additional levels of authentication as required.
2. Ensure that the signature and all necessary verification records are maintained for the full life cycle of the contract and contract records.

An electronic signature that does not meet these criteria at the time of signature may not be binding on the University of Illinois.

Reason for the Policy

The Electronic Commerce Security Act (5 ILCS 175/25-101) provides that a state agency may decide the extent to which it will send and receive electronic records and electronic signatures to and from other persons and otherwise create, use, store, and rely upon electronic records and electronic signatures.

Applicability of the Policy

This policy applies to all University of Illinois contracts.

Procedure

Units seeking to provide and accept electronic signatures should assess the risks associated with related transactions. Part of this process involves selecting a signature authorization method that provides appropriate levels of identity assurance. Units should consult the system's [Identity Assurance Guide](#) and discuss electronic signature acceptance options with appropriate information technology units. Units must also ensure that the signature and all necessary verification records are maintained for the full retention period under the [RIMS Records Retention Schedules](#).

Individuals who sign contracts on behalf of the Comptroller must have express authority to do so consistent with *19.4 Contract Signature Authority and Delegation*. A signature is defined in the same manner as in the State of Illinois Electronic Commerce Security Act (5 ILCS 175/5-105) as any symbol executed or adopted, or any security procedure employed or adopted, using electronic means or otherwise, by or on behalf of a person with intent to authenticate a record.

Comptroller delegates who sign contracts using an electronic signature method are responsible for compliance with this policy. Delegates must ensure that the signature block of a contract contains all required information, as documented in *19.4 Contract Signature Authority and Delegation*. In addition, if digital signatures are used, the digital signatures must comply with digital signature requirements of Illinois law.

Units that are responsible for processing contracts may accept electronic signatures from the other party so long as the unit determines that the signature is affixed in a trustworthy manner and presents a reasonable level of reliability and authenticity (Identity Assurance).

19.5 Contract Filing

Policy Statement

A contract must be filed with either University Contract Records Office (UCRO) or the Secretary of the Board of Trustees. Contracts that are signed by a unit head per *19.2.1 Standard Contract Templates*, must be retained by that unit and do not have to be filed with either UCRO or the Secretary of the Board of Trustees.

Reason for the Policy

The Secretary has delegated central contract repository responsibilities for specific contract types.

Applicability of the Policy

This policy applies to all University of Illinois contracts.

Procedure

Contracts that are filed with UCRO must be received within seven calendar days after the date of last signature. Units not routing contracts within the Illinois Contract System (ICS) must also ensure that mutually signed contracts, along with a signed Contract Approval/Routing Form (CARF), when required, are filed.

Contracts for legal settlements, real estate sales and acquisitions, and certain employment agreements are filed directly with the Secretary of the Board of Trustees.

For contracts that are signed by a unit head per *19.2.1 Standard Contract Templates*, the unit must retain a copy of the fully signed contract.