



UNIVERSITY OPERATING PROCEDURE

Title: Revenue-Generating Contracts - Approval of and Signatory Authority for

Overview

As an instrumentality of the State of Vermont and as a 501(c)(3) tax-exempt organization, the University of Vermont is exempt from federal income taxation; however, the University is required to pay federal income tax on net income from activities that are unrelated to the three key components of the University's mission: teaching, research, and public service. Unrelated Business Income Tax (UBIT) is the federal income tax imposed on the Unrelated Business Income generated by tax-exempt organizations.

UVM's [Contract Approval and Signatory Authority Policy](#) states that the responsibility for obtaining approval and securing an authorized signature of all contracts that do not involve the procurement or lease of goods and services rests with the senior-most University official responsible for the activity that is the subject of the contract ("the responsible official").

To ensure compliance with University policy and tax payment obligations, all revenue-generating contracts, regardless of dollar amount or term, shall be submitted for institutional review prior to the execution of the activity, in accordance with the procedures outlined in this document.

Revenue-generating contracts are required for all services rendered, and goods sold or licensed, including intellectual property, on behalf of the University to an outside entity, including affiliated organizations, in exchange for money and/or in-kind/like-kind consideration. The use, rental, and license of space is considered a revenue-generating activity.

Applicability of the Procedure

This UOP applies to all members of the University community including, without limitation, individuals who are faculty, staff, students, contractors, consultants, temporary employees, volunteers, and affiliates of the University.

This UOP does not apply to grants, contracts, awards or other agreements entered into or accepted through Sponsored Project Administration.

Definitions

Contract Template: Standard contract developed by the Office of the General Counsel that contains all material terms, for use by a unit for a specific reoccurring activity.

Contract term: Length of time of the commitment based on start date and end date of contract, including any automatic renewals.

Delegation of authority: A formal written statement granting broad or limited authority for specified matters, consistent with the [Contract Approval and Signatory Authority Policy](#).

Income/Expense Activity: Self-supporting activities designed to generate sufficient revenue from the sales of specific goods or services to recover expenses associated with providing those goods or services as defined and recognized by the Financial Analysis and Budgeting Office (FAB) in accordance with the [Income/Expense Manual](#). These activities are sometimes referred to as auxiliary services.

Revenue-generating contract: A contract between UVM and an external entity, including a UVM affiliated organization, where UVM receives money and/or in-kind or like-kind consideration for services rendered or goods sold, including use of space. Revenue-generating contracts are required to follow the procedures in this document, and include but are not limited to, the following types of agreements:

- Income and Expense Activities, as defined in the [University's Revenue Generating Activity Guide](#), involving non-UVM, external customers
- Sale or lease of services, such as contracted employee or consultant work, and programming offered by Continuing and Distance Education to non-UVM, external customers
- Sale or lease of goods, such as equipment, space, promotional opportunities, software licensing, trademark licensing, etc.
- Sale or lease of real estate

UVM revenue-generating contracts **do not include**:

- Internal charges for goods or services, i.e., renting out vans to other departments (use of chartstring/journal transfer), internal income/expense MOUs
- Sponsored project agreements
- Student housing and meal plan contracts, and related charges by UVM Dining and Residential Life
- Billing of students by Student Financial Services
- Student / participant program or event registration for Orientation, or Student Life programming (i.e. TREK, SpringFest)
- Student payments for services to the Center for Health and Wellbeing
- Tuition billing by Continuing & Distance Education
- Gifts (gifts are subject to the [Gifts Policy](#))

Unrelated Business Income Tax (UBIT): Federal income tax imposed on income unrelated to the key components of the tax-exempt mission of the university: teaching, research, and public service, generated by tax-exempt organizations.

Procedures

Contract Templates

The word "department" refers generally to the initiating unit/contract sponsor and encompasses department, college, school, center, or other administrative unit. Departments that routinely enter into contracts of like kind or subject matter may request that the Office of the General Counsel develop a Contract Template for recurring use.

Departments using a Contract Template are required to follow the delegation of signatory authority for departmental level execution, and shall resubmit any and all individual contracts to the Office of the General Counsel:

1. if the overall dollar amount or term reaches thresholds which require additional review and approval;
2. when material changes are requested by the third party; and
3. at intervals no longer than three successive years.

All Other Contracts

If a Contract Template is not being used, departments are required to submit **all** draft revenue-generating contracts for review by appropriate institutional officials **30 days prior to execution** using the University's electronic [Contract Approval and Routing Form](#). Requests are received and triaged by the Office of the General Counsel.

Upon receipt, draft contracts will be assigned to a member of the Office of the General Counsel for review. As part of the review process, General Counsel will consult with applicable administrative units regarding insurance and liability provisions, legal and regulatory compliance, data security, and other implications. The Office of the General Counsel will provide feedback to the department on the draft contract. It is the department's responsibility to address the feedback provided, both internally and with the contracting party (i.e., negotiate).

After any identified issues have been satisfactorily resolved, the department is responsible for obtaining third-party signatures and applicable department-level signatures on the contract, and delivering to the Office of the General Counsel for final execution by the appropriate senior-level signatory, as required by the University's delegation of signatory authority protocols. See [Contract Approval and Signatory Authority Policy](#) and the *Revenue Contract Approval and Signatory Authority Thresholds* (Appendix A).

Following final execution, the department is responsible for delivering the fully signed contract to the third party and retaining the original contract for record keeping.

Contracts Requiring Board Approval

A revenue-generating contract whose value exceeds \$1,000,000, or extends for a term of 5 years or more, must be approved by the Board of Trustees per the [Delegation and Retention of Board Authority](#). When initiating a contract that requires Board of Trustees' approval, the requesting department must allow ample time in the process, in addition to the review timeline outlined above, to meet applicable Board materials submission deadlines. Information regarding those deadlines may be obtained from the Office of the Board of Trustees Coordinator.

Recording of Revenue

All incoming revenue must be recorded in the University's accounting system in accordance with the [Non-Sponsored Accounts Receivable and Billing University Operating Procedure](#), or the [Securing and Depositing Cash Receipts University Operating Procedure](#) for fees for service.

Income/Expense Activities

Departments are encouraged to establish Income/Expense Activities for self-supporting transactions that are routine and recurring in accordance with the [Income/Expense Manual](#).

Contacts

Questions concerning the daily operational interpretation of this UOP should be directed to the following:	
Title(s)/Department(s):	Contact Information:
Office of General Counsel	802-656-8585 General.Counsel@uvm.edu
Controller's Office	802-656-2903

Forms/Flowcharts/Diagrams

- [General Counsel Contract Review and Routing Form](#)
- Revenue Contract Approval and Signatory Authority Thresholds (PDF) (Appendix A)

Related Documents/Policies

- [Accounts Receivable and Billing - Non-Student, Non-Sponsored External Customers Procedure](#)
- [Affiliated Organizations Policy](#)
- [Board of Trustee Resolution Regarding Delegation and Retention of Board Authority](#)
- [Cash Receipts, Securing and Depositing of Procedure](#)
- [Code of Conduct and Ethical Standards Policy](#)
- [Conflict of Interest and Conflict of Commitment Policy](#)
- [Contract Approval and Signatory Authority Policy](#)
- [Income/Expense Manual](#)
- [Licensing - Trademarks Policy](#)
- [Procurement or Lease of Goods and Services and Contract Approval and Signatory Authority for Procurement or Lease of Goods and Services Policy](#)
- [Protecting Minors Policy](#)
- [Setting Up a Revenue-Generating Activity Guide](#)

Training/Education

Training will be provided on an as-needed basis as determined by the Approval Authority or the Responsible Official.

About This Procedure

Responsible Official:	Vice President for Finance and Administration	Approval Authority:	Vice President for Finance and Administration
Affiliated Policy Number(s):	None	Effective Date:	January 21, 2020
Revision History:	None		

University of Vermont Policies and Operating Procedures are subject to amendment. For the official, approved, and most recent version, please visit UVM's [Institutional Policies Website](#)

Appendix A

Revenue Contract Approval and Signatory Authority Thresholds

Term of Agreement and Aggregate Amount			Contract Approval and Signatory Authority*				
Contract Duration	Lower Dollar Threshold	Not to exceed Threshold	Dean/VP	Controller	VP for Finance	President	Board of Trustees
≤ 5 Years	\$0	\$50,000	X				
≤ 5 Years	\$50,001	\$250,000	X	X			
≤ 5 Years	\$250,001	\$500,000	X	X	X		
≤ 5 Years	\$500,001	\$1,000,000	X	X	X	X	
Any term	\$1,000,001	N/A	X	X	X	X	X
>5 years	\$0	Any Amount	X	X	X	X	X

*Any, and all, contracts for the sale or lease of UVM real property, regardless of term or amount, are required to be reviewed and approved by the Vice President for Finance and Administration.

**Individuals who have been assigned as a delegated authority for this purpose may review and approve contracts at this level only. A current Delegation of Authority letter must be maintained at the Dean's Office, and submitted to the University Controller's Office with a copy to the Officer of the General Counsel, consistent with the Contract Approval and Signatory Authority Policy.