



THE UNIVERSITY OF  
MISSISSIPPI

OFFICE OF INTERNAL AUDIT



November 2016  
Newsletter

## The Audit Perspective

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### Contractual Authority Policy

Per the [Contractual Authority Policy](#), “The Chancellor of the University of Mississippi has been empowered by the Board of Trustees for the Institutions of Higher Learning to execute contracts on behalf of the University...No other employee of the University may execute a contract on behalf of the University unless that employee has been delegated contractual authority. The delegation of authority must be in writing and must be sufficient to encompass any contract that the employee executes.”



The Chancellor has delegated authority to the Provost and Vice Chancellors that is sufficient for them to perform the responsibilities of their offices. Some delegations of authority also allow the individual to further delegate that authority to another employee who reports to him or her.

If you are unsure whether you have been delegated contractual authority, the amount of that authority, or whether your authority may be further delegated, please contact the [Office of General Counsel](#). The following steps must be performed to begin executing or managing contracts:

- 1) Complete the [Official Delegation of Contractual Authority Form](#), get it approved by your superior, and send to the [Office of General Counsel](#) if you need to be granted contractual authority to execute contracts and/or need access to the [contracts database](#) to upload, view, and manage contracts.
- 2) Attend [training](#) prior to executing any contracts or using the contracts database.
- 3) Maintain copies of **executed** contracts in the contracts database.

*Note: The delegated authority amount is on a per contract basis and not on an annual basis. Additionally, departments should*

*ensure the delegated contractual authority is current. For example, when an employee separates employment from the University or transfers departments within the University, the contractual authority delegation should be updated.*

For questions regarding contracts, you may contact the Office of General Counsel at (662) 915-7014 or [umcontracts@olemiss.edu](mailto:umcontracts@olemiss.edu). Any of the attorneys are available to assist you in discussing a contract or individual terms in a contract.

## **Mandatory Contract Addendum**

Per the [Contractual Authority Policy](#), “*Contracts executed by University employees should include the [Mandatory Contract Addendum](#) for University Contracts. If it is necessary to execute a contract without the addendum, the contract must be cleared by the Office of General Counsel or by the office of the appropriate vice chancellor.*”

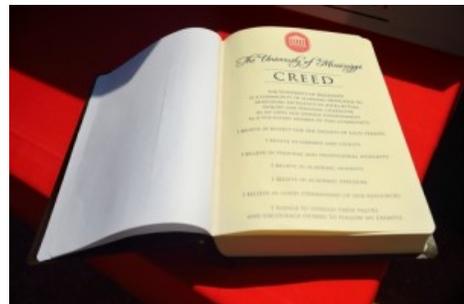
The Mandatory Contract Addendum cannot just be placed with the contract documents to be part of the contract. Instead, there are two options for incorporating the addendum into a contract:

- 1) The company can insert a paragraph in the contract document referencing the incorporation of the Mandatory Contract Addendum. **OR**
- 2) The University can insert a paragraph into the Mandatory Contract Addendum referencing the contract. However, if this method is utilized, signature lines must also be added to the Addendum and it must be signed.

## **Contract Training**

Additionally, per the Contractual Authority Policy, “*No individual who has been delegated contractual authority may execute a contract until completing training through the Office of General Counsel...*”

*Any contract that is signed by an employee who has not been delegated contractual authority may be declared void by the University.*”



Two types of training sessions are offered by the Office of General Counsel:

- 1) **Contracts Database Training.** Once the [Official Delegation of Contractual Authority Form](#) is submitted and approved, General Counsel will schedule a time to meet with the employee and train them on use of the Contracts Database.
- 2) **Online Contracts Training.** Once an employee has been granted contractual authority and prior to the execution of any contract, he/she **must** complete the

online contracts training, which is available on the [Office of General Counsel website](#) and takes approximately 20 minutes to complete. The purpose of the training is to focus on legal issues that arise in contracts. It also includes helpful examples and scenarios. Please remember to register your attendance at the end of the training session. The required training covers the following areas:

- [IHL Approval of Contracts](#)
- State Purchasing Laws
- [Technology Purchases](#)
- [Limitations of Liability and Indemnification Provisions](#)
- Choice of Law and Venue Provisions
- Confidentiality Provisions
- Attorney Fees
- Insurance
- Provisions that Limit the Time in Which a Claim May Be Brought
- Act of God Provisions
- Identifying Acceptable Contract Provisions
- Arbitration and Mediation
- [Agreements Related to Research and Sponsored Programs](#)
- University Trademarks
- Intellectual Property

Some of these areas are mentioned throughout this newsletter.

## **Contract Database**

**All** executed contracts must be uploaded to the official University of Mississippi Contract Database. The database can be found in myOleMiss under the Employee tab, expand the Tools and Resources Section, and click on Contract Administration. It has many great features to assist in managing contracts, such as the ability to set a reminder for expiring contracts that need to be renewed. [Training](#) on how to use the database is offered by the [Office of General Counsel](#).



## **IHL Approval of Contracts**

Those to whom contractual authority has been delegated are responsible for ensuring that contracts being signed conform to both Mississippi Institutions of Higher Learning ([IHL](#)) policies and the [University policies](#).

IHL policies require certain types of contracts to be presented to the IHL Board for approval. Items requiring Board approval must be sent to IHL staff up to **six weeks** before a Board meeting. Therefore, if your contract requires Board approval, you must plan well in advance. Contracts requiring IHL approval that employees are mostly likely to encounter include:

- Contracts for personal property or service contracts requiring an aggregate total expenditure of more than \$250,000.00.
- Contracts for any bookstore, food service, or athletic concession projected to generate aggregate revenues of more than \$250,000.00, or projected to last more than four years.
- Leases, easements, oil and mineral leases and timber sales.

Please refer to [IHL Policy 707.01](#) (Land, Property, and Service Contracts) for further information.

### **Technology Purchases Policy**

The Mississippi Department of Information Technology Services (MSITS) has delegated to the University's Chief Information Officer and Director of the Office of Information Technology ("IT") the authority to approve purchases of technology. University policy requires that a technology purchase meeting any of the following conditions MUST be approved by IT:

- Technology projects with total lifecycle costs greater than \$5,000
- Campus-wide software licenses
- Contracts for campus-wide cloud services, e.g., IT services hosted off campus
- Technology projects involving the storing or transferring of sensitive data

Examples include but are not limited to: purchases of technology equipment (e.g., servers, laptops, projectors) exceeding \$5,000; contracts for software hosted elsewhere that will be used by a majority of students or employees; and software applications that track student academic progress and thereby contain sensitive data.

If you're considering a technology purchase, send an email to [itpurchase@olemiss.edu](mailto:itpurchase@olemiss.edu) or contact the [Office of Information Technology](#) at (662) 915-7206. Please refer to the [Technology Purchases Policy](#) for further information.

### **Limitations of Liability and Indemnification Provisions**

The University may NOT enter into a contract with a provision that limits the potential liability of the other party. The following are examples of such provisions:

- “The parties agree that, under no circumstances, shall ABC, Inc.’s, liability exceed the total amount received by ABC under this contract.”
- “The University agrees to indemnify and hold harmless Very Good Company for any claims that may arise out of Very Good’s performance of this agreement.”
- “The Excellent Corporation will not be liable to the University for any indirect or consequential damages.”

Entering into a contract that contains one of these provisions will limit the University’s rights to recover if something goes wrong later with the contract/product/service, etc. On the other hand, the University may agree to be responsible for the actions of its own employees and agents when those individuals are acting within the scope of their employment.



## **Research and Sponsored Program Agreements**

All agreements related to research and sponsored programs (including applications and proposals) must be approved by the [Office of Research and Sponsored Programs](#) (ORSP). Awards are made to the **University and not to individual faculty or staff members**; therefore, proposals and contracts related to grants or sponsored programs must be approved by ORSP even if the agency or sponsor making the grant does not require approval of the institution. According to the [UM Transmittal Sheet for Funding Requests to External Sponsors Policy](#),



*“The UM Transmittal Sheet must be completed and approved by the Office of Research and Sponsored Programs for all sponsored projects for which external funds are sought or received by the University. The UM Transmittal Sheet must be submitted to the ORSP in a timely, accurate, and complete fashion at least five working days in advance of final proposal submission by the University to the potential sponsor.”*

Please refer to the [UM Transmittal Sheet for Funding Requests to External Sponsors Policy](#) for further information, or contact the [ORSP](#) at (662) 915-7482 for questions.

## **New and Updated Policies**

The University of Mississippi [Policy Directory](#) is a central location for accessing and posting University policies. Over the past 90 days the following policies have been created and implemented or updated:

## New Policies:

- [Royalty from Assigned Books](#)

## Updated Policies:

- [Anti-Virus Protection for UM Computers](#)
- [Cash Receipting and Reporting](#)
- [Credit by Examination](#)
- [Employee Transfer \(Intra-University\)](#)
- [Equal Employment and Affirmative Action](#)
- [FLSA-Compensatory Leave - Overtime](#)
- [Information Confidentiality/Security](#)
- [Library Gift Policy](#)
- [Non-Discrimination & Complaint Procedure](#)
- [Social Security](#)
- [Technology Purchases](#)
- [Weapons on Campus](#)



## Self-Assessment

Self-assessment is a valuable tool to help identify internal control deficiencies and assist in departmental management and audit preparation. The self-assessment consists of a series of “yes” or “no” questions. “Yes” indicates adequate controls in an area, while “no” indicates control deficiencies. Additional control related information is provided below each question to aid in resolving control deficiencies. Links to relevant policies are also included for each section.



The self-assessment can be accessed [here](#). For questions not addressed in the self-assessment, please feel free to contact us at 662-915-7017 or [auditing@olemiss.edu](mailto:auditing@olemiss.edu).

*Thanks*

We hope you find the information in our newsletters useful. If you have any suggestions, questions, or feedback, please contact us at 662-915-7017 or [auditing@olemiss.edu](mailto:auditing@olemiss.edu). Feel free to share our newsletters with those in your department you feel would benefit. You can also visit our [website](#) for more helpful information.