

406. Contracts on Behalf of the Board.

I. Authority to Contract and Revisions of Authority

- A. The Board must designate by Resolution those officials who are authorized to enter into a contract on behalf of this Board. These Resolutions should specify that only those persons named in the most current resolution for each campus can execute a contract for their respective division of The University of Alabama System.
- B. The applicable Resolution for each type of authority on each campus should be revised in its entirety when any change is made, so that the most current resolution listing those persons who have been authorized at each campus of The University of Alabama System can be readily verified by the Secretary to the Board.
- C. For purposes of this Rule, the term “contract” includes any agreement involving the expenditure of System, Campus, or Hospital funds, whether termed an agreement, purchase order, or otherwise.

II. Contracts Benefiting Senior Administrators.

Contracts originated by senior administrators,¹ and that may be perceived to benefit that senior administrator, shall be subject to an internal counter-signature process. The second signature should be from someone of sufficient authority, typically of equal or greater authority. For contracts originated by the President, the counter-signature would come from the Chancellor. For contracts originated by the Chancellor, the counter-signature shall come from the President Pro Tem of the Board.

III. Conflicts of Interest.

- A. All authorized signatories of the Board shall participate in the electronic disclosure process required by Board Rule 106.
- B. Regardless of whether required to participate in the Board’s disclosure process, all persons authorized to sign contracts on behalf of the Board, universities, Health System, Hospital, or other affiliates and foundations must disclose any conflicts of interest in any contract subject to their approval or signature, and have said contract approved by a senior administrator of equal or greater authority before the same is binding. See Board Rule 106 and 106.2 for further guidance related to actual and perceived conflicts of interest.

¹ Senior administrators is defined by Board Rule 106 as follows: “Senior administrators, for purposes of this Rule, are defined to be the Chancellor, other Board officers and Vice Chancellors of The University of Alabama System, the Presidents and Vice Presidents of each campus and any others so designated in writing by the Chancellor.”

IV. Vendor Disclosure Form.

Contracts with the Board shall include a “Vendor Disclosure Form” approved by the Office of Counsel. Such forms shall require disclosure by the proposed vendor of any known conflicts of interest on the part of any University officials involved in the contract or benefitting from the contract. Exceptions to this requirement shall be approved by the Office of Counsel.

V. Contracts Requiring Board Approval.

A. Except as otherwise exempted below, the following contracts must be approved by the Board before the same are binding and effective:

- a. All contracts for goods and services involving an expenditure of \$1,000,000 or more, for the term of the agreement/contract, not procured through a competitive process; and
- b. All consulting and/or professional services contracts involving an expenditure of \$250,000 or more, for the term of the agreement/contract, and regardless of whether the contracts result from a competitive process.

B. The following contracts are exempt from this requirement:

- a. Contracts that are otherwise required to be submitted to and approved by the Board, such as construction and technology contracts;
- b. Contracts that are otherwise required to be submitted to and approved by the UAB Health System Board;
- c. Hospital contracts, which are specifically addressed by the next section of this Rule; and
- d. Contracts with publically regulated utilities
- e. Sponsored Research Grants and Contracts, including associated subcontracts.

VI. Heightened Review of Hospital Contracts Not Procured Through a Competitive Process

The following agreements related to University Hospital must be approved by the System Office before the same are binding and effective, unless the same are subject to a competitive process:

- a. All contracts for goods and services involving an expenditure of funds of \$1,000,000 or more, for the term of the agreement/contract; and
- b. All consulting and/or professional services agreements involving an expenditure of \$250,000 or more, for the term of the agreement/contract.

The Chancellor shall appoint System Office Staff to undertake such review. The System Office shall maintain a web based or other form for such submissions and approvals, and

will provide the Board, through its Finance Committee, periodic reports regarding this review of Hospital contracts.

VII. Quarterly Campus Reports

All campus contracts for goods and services involving an expenditure of funds of \$1,000,000 or more, regardless of whether the same are procured through a competitive process and for the term of the agreement/contract. These contracts shall be reported quarterly to the Finance Committee in a format with sufficient detail for effective review. Contracts and agreements that are to be approved or have been previously approved by the Board may be excluded from the report.

VIII. Information Technology Expenditures

The Chancellor and the Vice Chancellor for Finance and Administration shall review and make recommendations to the Finance Committee when required in the following areas:

- Annual campus information technology plans shall be reviewed and approved by the Board. Projects included in the approved plans will not require additional Board approval.
- Notwithstanding the requirements for equipment and facilities projects governed by Board Rule 415, all technology acquisitions not included in the technology plan that exceed \$750,000 in individual expenditures in a fiscal year, as well as upgrades and expansions to existing technology solutions and associated agreements that exceed \$750,000 in individual expenditures in a fiscal year, using funds from any source shall require authorization by the Board of Trustees through its designee, the Finance Committee, and shall be implemented in accord with established Board procedures.

(Adopted April 21, 1995 as Rule 422; amended September 15, 1995; amended and renumbered December 5, 1997, amended April 6, 2018, amended June 7, 2019.)