



4.0 Contractual Agreements

The University enters into various Contracts so that services can be provided in an efficient and cost effective manner. Contracts are established with Corporations and Independent Contractors who either have received an award through a competitive solicitation process, or offer a unique service required by an end using department. The designation of Independent Contractor status is governed by the Internal Revenue Service (IRS) tax code and common law; significant tax penalties exist for incorrect classification of an employee as an Independent Contractor. In addition, contracting with Independent Contractors may expose the University to significant risk, so it is imperative that common standards are applied in both classification and the contracting process. A contract should be created any time an individual or corporation provides a service to the University so that the deliverables and scope of work are clearly defined.

The terms and conditions (T&C's) governing the contract should also be clearly defined for the protection of both the University and the contractor. If the contract document is provided by the vendor it should be routed to the Purchasing Office so that the T&C's can be reviewed to ensure compliance with North Carolina law prior to being signed by the University. The Purchasing Office also has contract templates available for use by campus departments; the Purchasing Office can supply them to you along with explanations about how to complete the details.

The University Legal Office has guidelines that delineate those people on campus who have contract signature authority and the types of contracts they can sign. Please refer to [Authority to Sign Contracts](#) to access the complete list.

Additionally, if the contractor is an individual, the Tax Office requires the completion of an Independent Contractor Checklist prior to entering into the agreement if the individual will be providing services for a term of longer than eight (8) hours.

All contracts are subject to the State's procurement statutes and these agreements are addressed in the same manner as standard commodity purchases. This means that all bid thresholds and Waiver of Competition justification requirements still apply.