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In force from: 01.02.2022

Contract Rules

The directive is issued based on clause 9) of § 11 of the Statutes of Tallinn University of Technology.

1. General provisions

1.1 The Contract Rules (hereinafter "the Rules") apply to preparation, drawing up, approval, entry into and implementation of contracts under the law of obligations and contracts under public law entered into by Tallinn University of Technology (hereinafter "the university").

1.2 The Rules apply to entry into contracts where the university is a financially obligated party or where the university is a holder of a financial claim, as well as entry into contracts without any financial obligations.

1.3 In addition to the Rules, other legislation of the university may be established to regulate certain transactions, e.g. when applying for a project or grant or when renting out the university's property.

1.4 The specifications of drawing up public contracts to be entered into in case of public procurements have been laid down in the university's legislation drawn up under the Public Procurement Act (hereinafter "the Procurement Rules").

1.5 The Rules do not apply to entry into and implementation of employment contracts.

2. Key elements, standard contracts and contract samples

2.1 The key elements of a contract are the following:

2.1.1 the title based on the type of the contract;

2.1.2 the contracting parties;

2.1.3 the object and term of the contract;

2.1.4 the rights and obligations of the contracting parties;

2.1.5 the procedure for delivery of the object of the contract;

2.1.6 the amount and conditions of payment of remuneration;

2.1.7 the agreement on the ownership and use of intellectual property created by the contract;

2.1.8 the contact persons, exchange of information;

2.1.9 the conditions for ensuring implementation and liability;

2.1.10 the conditions for amendment of, termination of, withdrawal from or cancellation of the contract;

2.1.11 the dispute settlement procedure;

2.1.12 the conditions for entry into force of the contract;

2.1.13 the applicable law;

2.1.14 the form and language of the contract;

2.1.15 the data of contracting parties;

2.1.16 the date of signature;

2.1.17 the signatures of the contracting parties.

2.2 The Rector may approve the contracts with standard terms (contracts for services, authorisation contracts, contracts for reimbursement of tuition fees, etc., hereinafter referred as "standard contract") to be concluded by the university. Standard contracts shall be entered into under the terms laid down by the Rector, taking into account the specifications set out in clauses 5.4 and 6.6. Modification of the terms of a standard contract is allowed with the consent of the legal officer specialised in the field.

2.3 The Director for Administration shall make sure that the forms of standard contracts and other most frequently concluded contracts and document samples are available on the Intranet. [entry into force 01.02.2022]

3. Initiative for entry into a contract

Entry into a contract may be initiated by the Rector, area directors, heads of structural units or other authorities and employees of the university who have the relevant competence or function.

4. Contract drafting and prerequisites for entry into a contract

4.1 Contract drafting shall be organised by the structural unit in whose interests the contract is entered into or who has been granted such a right by an assigned duty or by legislation (hereinafter "the responsible structural unit").

4.2 Performance of the duties of the responsible structural unit arising from the Rules shall be organised and ensured by the head of the structural unit who can delegate these in part or in full to an employee of the structural unit.

4.3 At every stage of contract drafting, the responsible structural unit has the right to:

4.3.1 request explanations from the Finance Office concerning taxation and methods of payment and organisation of a public procurement procedure on the basis and pursuant to the procedure provided for in the Procurement Rules;

4.3.2 seek advice, request contract samples, ask for legal interpretation or recommendations from the legal officer specialised in the field as well as to invite the legal officer to participate in negotiations;

4.3.3 consult and request instructions from the person authorised to sign the contract.

4.4 The rights and obligations of the contracting parties shall be defined in the contract on the basis of the legal act applied to the relevant legal relationship and taking into account the university's interests.

4.5 As a rule, the university shall not assume the obligation to make an advance payment in the contracts where the university is a financially obligated party.

4.6 A contract on the basis of which a financial claim arises for the university shall not be concluded with a person who has payment defaults unless the university is paid the full amount of the financial claim arising from the contract as an advance payment.

4.7 As a rule, the university shall always require 100% advance payment from the other contracting party when entering into the following contracts:

4.7.1 conference participation fee;

4.7.2 provision of continuing education.

4.8 In case of contracts on the basis of which the university provides a service for at least one year, payment of remuneration for the work in instalments shall be agreed upon with the customer.

5. Form of contract

5.1 The parties shall agree upon the form of contract unless a mandatory form of contract has been provided for by law or the Rules. When parties agree upon the form of contract, the terms and conditions required by law shall apply to the form.

5.2 For better protection of the interests of the university and in order to reduce risks, contracts shall, as a rule, be entered into in writing, i.e. they shall be hand signed or digitally signed.

5.3 A contract shall always be concluded in writing if the value of the contract is 10,000 or more euros, net of value added tax.

5.4 As a rule, standard contracts shall be entered into in writing. If entry into a contract in writing is impossible or considerably hampered or the university Senate decides otherwise, the contract may be entered into in a format which can be reproduced in writing (incl. by e-mail or mechanical imitation of a signature or in the study information system ÖIS). In this case the representative of the university shall, when entering into a contract, make sure that the identity of the other contracting party is verified or the person is identified upon logging on to the study information system ÖIS.

5.5 A contract may be concluded in a format which can be reproduced in writing (e-mail or any other form) if the value of the contract is below the limit specified in clause 5.3. In this case, the terms and conditions of the contract (contracting parties, object, term, price of the contract and other essential terms and conditions of the specific contract), in case of public procurements the information specified

in the Procurement Rules, shall be laid down in the contract. The transaction data shall be stored in the structural unit for at least three years after termination of the transaction.

5.6 The following may be entered into in oral form:

5.6.1 a non-financial contract, excluding a confidentiality agreement;

5.6.2 a contract on the basis of which another person's financial claim arises against the university that is below the limit specified in clause 5.3, if entry into such a contract is a common practice between the parties.

5.7 Written contracts shall be drawn up on a blank sheet, not on a sheet with a letterhead.

6. Approval of a contract

6.1 A draft written contract, except in case of the contracts specified in clause 6.6, shall be approved by the heads of the structural units or employees appointed thereby in the following order:

6.1.1 **the responsible structural unit**, who shall confirm that:

6.1.1.1 the risks related to the contract have been weighted;

6.1.1.2 the contract is necessary for the university and complies with the university's interests;

6.1.1.3 the contract includes the required key elements of a contract;

6.1.1.4 the other contracting party has no payment defaults or an advance payment has been required from the contracting party in case of a payment default;

6.1.1.5 the contract has been concluded in compliance with the literary standard and is clear and unambiguous;

6.1.1.6 financial resources for the performance of the contractual obligations have been planned in the budget of the structural unit;

6.1.2 **the Finance Office** (excluding in case of non-financial contracts or contracts with no rights that can be valued in money), who shall confirm that:

6.1.2.1 the contract complies with the legislation applied to accounting and state and local taxes;

6.1.2.2 the amounts recoverable from the other contracting party on the basis of the contracts entered into previously with the contracting party have been paid to the university and the obligations due have been duly completed;

6.1.2.3 it has verified that the other contracting party has no payment defaults or an advance payment has been required from the contracting party in case of a payment default;

6.1.2.4 it has verified that financial resources for the performance of the contractual obligations have been planned and are available in the budget of the structural unit;

6.1.2.5 a public procurement entered in the public procurement register is conducted as required unless the procurement procedure is conducted in accordance with the Procurement Rules by a structural unit having the relevant authority. In this case the confirmation specified in this sub-clause shall be provided in place of the Finance Office by the person in the structural unit responsible for the public procurement.

6.1.3 **the legal officer specialised in the field**, who shall confirm that:

6.1.3.1 the draft contract complies with the requirements laid down in applicable legislation;

6.1.3.2 the decision of the person or authority which is a prerequisite for entry into the contract is valid;

6.1.3.3 the contract accurately reflects the results of the negotiations, if he or she participated in the negotiations;

6.1.3.4 the authority of the representative of the other contracting party is valid;

6.1.3.5 the contract has been approved in compliance with the Rules.

6.2 The coordinators specified clauses 6.1.2 – 6.1.3 shall review draft contracts as quickly as possible, as a rule within two working days, ensuring jointly that the approval procedure would not take more than five working days.

6.3 After reviewing a draft contract, the coordinator shall submit the approved draft contract to the next coordinator or the responsible structural unit or, in case of refusal, state the reasons for refusal.

6.4 The required amendments and additions arising from the opinions of the coordinators of the draft contract and proposed modifications submitted by the other contracting party shall be made by the responsible structural unit in cooperation with the other structural units specified in clause 6.1.

6.5 Approval of a contract shall be finalised:

6.5.1 in electronic form in the document management system (hereinafter "DMS"), or;

6.5.2 in writing on a copy received by the university or on the list of approvals, or;

6.5.3 on a digitally signed contract or list of approvals.

6.6 The procedure for approval laid down in clauses 6.1 – 6.5 shall not be applied:

6.6.1 upon entry into standard contracts approved by the Rector;

6.6.2 upon entry into contracts arising from the Erasmus+ framework agreement as well as other standard contracts, if the representative of the university does not request approval;

6.6.3 upon entry into contracts the value of which is below the limit specified in clause 5.3, as well as contracts in a format which can be reproduced in writing or oral contracts, if the representative of the university does not request approval.

6.7 Upon entry into contracts without applying the procedure for approval, the representative of the university shall abide by the university's interests, the rules for public procurements and other requirements laid down in the Rules.

7. Signing of contracts

7.1 After approval of a draft contract, the responsible structural unit shall submit the draft contract to the representative of the university and the other contracting party.

7.2 A contract shall be entered into by a person having the relevant authority. The legal representative of the university is the Rector, who has the right to grant other persons authority to represent the university.

8. Entry into force of a contract

Unless otherwise provided by law or the contract, a contract shall enter into force from the moment it is signed by all the contracting parties; if the parties sign the contract at different times, from the moment of the last signature. If a contract enters into force at another time, the date of entry into force of the contract or the event involving entry into force of the contract shall be laid down in the contract.

9. Entry into register and preserving of contracts

9.1 After signing a contract, the responsible structural unit shall submit the original contract to the structural unit specified in the list of documents for entry of the contract in the register. A standard contract entered into with a natural person shall be submitted immediately and other contracts within three working days.

9.2 The contracts of the university shall be registered and managed in the DMS in the register of contracts or in the study information system ŐIS. If a contract is signed on paper, it shall be scanned to the DMS. The responsible structural unit is notified of entry of the contract in the register via the DMS.

9.3 The registering structural unit shall return a standard contract to the structural unit if the content of the contract does not comply with the established standard contract and the relevant amendment has not been approved by the legal officer specialised in the field.

9.4 Contracts shall be preserved in compliance with the university's legal acts.

10. Prohibited transactions

10.1 According to §11 of the Anti-corruption Act, a representative of the university is prohibited from entering into a contract, accept implementation of a contract, decide on payment of remuneration and conclude any other transactions concerning a contract with himself or herself or a person connected to him or her. He or she must not order or authorise persons subordinate to him or her to perform such transactions instead of him or her.

10.2 An authorised representative whose official duty is to conclude the transactions specified in clause 10.1 shall inform his or her immediate superior of such a transaction. The immediate superior may approve the transaction, conclude the transaction himself or herself within the scope of his or her powers or organise appointment of another person for one-time substitution of the authorised representative. If a transaction includes acceptance of work or signing an expense receipt, this shall, in addition to the authorised person, be carried out also by his or her immediate superior.

10.3 The Rector and the Chief Legal Officer shall make sure that the instructions and information material are prepared to inform the representatives of the university of situations entailing conflict of interest and to explain the methods to avoid them. [entry into force 24.01.2022]

11. Implementation of a contract

11.1 Implementation of a contract shall be organised by the responsible structural unit in accordance with the terms and conditions agreed in the contract.

11.2 A contract in written form or in a format which can be reproduced in writing shall be entered into prior to implementation of the contract. The essential terms and conditions of an oral contract shall be agreed upon prior to implementation of the contract.

11.3 The head of a structural unit shall be responsible for making sure that a contract is not implemented, i.e. work is not carried out and products are not purchased, prior to entry into the contract.

11.4 The head of the responsible structural unit is, in addition to the university as a legal person, held personally responsible for submission of the data to the employment register kept under the Taxation Act before a person commences employment. In case of violation of the abovementioned obligation, the head of the structural unit, shall, inter alia, at the request of the university compensate for the damage caused by violation of the obligation.

11.5 An employee organising implementation of a contract is required:

11.5.1 to inform the head of the responsible structural unit of unsatisfactory performance of the contract;

11.5.2 in case of contracts for pecuniary interest, to make in time a referral to the Finance Office for submission of an invoice to the other contracting party.

11.6 The Finance Office shall submit an invoice to the other contracting party in compliance with the requirements of the Accounting Act, Value-Added Tax Act and other legislation and shall verify receipt of the sums indicated in the invoices.

11.7 The responsible structural unit shall organise settlement of any problems arising upon implementation of the contract and resolve any disputes arising from the contract in cooperation with the legal officer specialised in the field and, if necessary, involve the Rector, the area director, the Chief Legal Officer or any other employee of the university. The responsible structural unit has the right to seek legal assistance or order any other required services from outside the university. A financial claim may be passed to a company providing debt collection services or the claim may be filed with the court in compliance with the procedure laid down in clause 12 of the Rules.

12. Recovery of financial claims

12.1 In case of failure to pay the invoices on time or in full, the Finance Office shall, within ten days after the deadline for payment, submit a written reminder to the other contracting party for the payment of the invoice.

12.2 If the other party fails to respond to the reminder within ten days from the issue of the reminder, the Finance Office must notify the responsible structural unit thereof, who, within thirty days:

12.2.1 negotiates with the debtor as a result of which the debt is paid;

12.2.2 decides to pass the debt-claim to a company providing debt collection services or to apply other legal remedies.

12.3 In case of failure to reach an agreement with the debtor for payment of the debt, the responsible structural unit shall submit the claim to the Finance Office, who shall pass the claim to a company providing debt collection services unless otherwise decided by the Chief Financial Officer. The responsible structural unit is required to submit all relevant information, e.g. correspondence, documentation, etc. together with the claim. [entry into force 24.01.2022]

12.4 The Chief Financial Officer may decide to submit the claim for judicial debt-recovery to the legal officer specialised in the field, who shall prepare a claim and file it to the court or any other authority settling disputes and shall represent the university based on the authority granted by the Rector. [entry into force 24.01.2022]

12.5 In the case the invoice specified in clause 12.1 is not paid on time, the deadline for payment of the invoice submitted for tuition shall be extended for three calendar months based on the student's application.

13. Supervision

13.1 Supervision over the transactions of responsible structural units shall be exercised by the university's structural units and employees in accordance with their respective powers.

13.2 The university's employees are required to notify of their economic interests and connected parties in compliance with legislation in force.

14. Implementing provisions

14.1 I repeal the Procedure for Entry into and Implementation of Contracts (approved by Rector's directive No 191 of 22.12.2016).

14.2 This directive shall enter into force on 1 July 2019.