INTERNAL MEMORANDUM

To: Georgia College Campus Community
From: Office of Legal Affairs
Subject: Law Interpretation: Contracts Crossing Fiscal Years and Expending Funds, Multi-Year Contracts, and Automatic Renewals
Date: October 18, 2018

The Attorney General has provided Opinion 74-115 on the matters of multi-year contracts and appropriation of funds by stating “a state agency may not incur a fiscal obligation beyond that authorized by currently effective appropriations; contracts incurring obligation dependent upon future appropriations or the continuation of any other source of state funds are invalid.”

Georgia College cannot enter into multi-year agreements where funds are being expended. Georgia College also cannot enter into contracts containing the language of automatic renewals. Multi-year contracts and automatic renewal language obligates the university to expend funds that have not been appropriated. Even if the contract has a separate clause regarding non-appropriated funds, Georgia College still cannot agree to this language.

There are times when contracts will cross fiscal years. The contracting department must have the funds available to pay the contract at the time in which the contract is being executed. The department must also encumber the funds as the contract will not be paid until the work is complete. All contracts that cross fiscal years and are expending funds should include the following statement:

“Fees and Expenses. No additional fees or expenses will be added beyond the contract amount of $XXX. All fees and expenses for this contract are being paid with encumbered funds from fiscal year 20XX.”

All contracts not adhering to this requirement will be returned to the requestor.