

CONTRACTS WITH THE BOARD

(Authority of School Personnel to Execute Contracts)

Policy Code:

6420

The board is the sole entity authorized to execute formal contracts between the school system and any firm or person offering to provide materials, equipment, or services to the school system. Creditors are on notice that the board may choose not to honor contracts entered into by school or school system officials without authority to enter into contracts.

A. AUTHORIZATION TO ENTER INTO CONTRACTS

No contract requiring the expenditure of funds may be entered into unless the budget resolution adopted pursuant to policy 8110, Budget Resolution, authorizes the expense and there is a sufficient unencumbered balance to pay the amount to be disbursed. (See policy 6421, Pre-audit and Disbursements Certification.) No contract may be entered into with a restricted company, as listed by the state treasurer in accordance with G.S. 147, art. 6E or 6G, except as permitted by those laws.

Any contract for materials, equipment, or services involving expenditures in excess of \$90,000 must be reviewed by the board attorney and approved in advance by the board unless provided otherwise in board policy. (Approval requirements for construction and repair contracts are established in policy 9120, Bidding for Construction Work.) Annual service contracts previously approved by the board and included in the current year budget resolution do not require additional board approval.

Other than annual service contracts referenced above, Board approval is required for contracts involving expenditures in excess of \$90,000 even if the purchase was previously approved by the board as part of a program or project plan. However, board approval of a program or project plan that includes the specific purchase of equipment, supplies, or materials over the \$90,000 threshold will constitute board approval. The project or program plan must specifically detail the purchase to be made with a corresponding detailed proposed budget. The superintendent shall approve such purchases over the \$90,000 threshold unless the following conditions apply: (1) the actual purchase of equipment, supplies, or materials materially deviates from the proposed purchase included in the board approved program or project plan; or (2) the actual total cost of the contract is greater than or equal to 110% of the proposed contract included in the board approved program or project plan. If either of the two conditions apply, board approval will not be presumed and the contract must be presented to the board for approval.

Unless otherwise prohibited by statute or regulation, the superintendent or designee is authorized to enter into contracts or approve amendments to contracts involving amounts up to \$90,000, except board approval is required for contracts and change orders that would result in more than \$90,000 being paid to the same vendor during the same fiscal year or any consecutive 12-month period. Change orders for construction and repair contracts are subject to the requirements of policy 9030, Facility Construction, not this provision.

Associate/assistant superintendents and other senior leadership department heads are authorized to enter into contracts or approve amendments to contracts for materials, equipment, supplies, or services involving amounts up to \$50,000, unless otherwise prohibited by statute or regulation. In addition, unless otherwise prohibited by statute or regulation, principals and program directors are authorized to enter into contracts or approve amendments to contracts involving amounts up to \$25,000.

All contracts at the school level or program/departmental level requiring approval by an associate/assistant superintendent or the superintendent also require the approval signature of the principal or program director requesting the contract.

At least quarterly, the superintendent shall report to the board all contracts and contract amendments approved by the superintendent under this policy.

B. CONTRACT FORMS

The board attorney shall review any contract forms developed for use by a school or the school system.

C. LEASE PURCHASE CONTRACTS

The finance officer must approve any request to enter lease purchase contracts as authorized by G.S. 115C-528, regardless of the dollar amount. After considering the principal and amount of interest, the superintendent must determine that the lease purchase is a fiscally prudent choice that is consistent with board policy.

The finance officer shall provide the board with periodic reports on lease purchase contracts, including the amount of the principal, interest paid, and the amount of the outstanding obligation.

D. OTHER APPLICABLE POLICIES AND LAWS

Purchases may be made through the State Division of Purchase and Contract in accordance with the Division's rules and regulations, as authorized by G.S. 115C-522.

All contracts involving construction or repair work or purchase of apparatus, supplies, materials, or equipment must be undertaken in compliance with Chapter 143 of the North Carolina General Statutes, except as provided elsewhere by state law. Contracts must also comply with applicable board policies, including, but not limited to, policies 6430, Purchasing Requirements for Equipment, Materials, and Supplies; 6450, Purchase of Services; 9030, Facility Construction; 9110, Use and Selection of Architects, Engineers, Surveyors, and Construction Managers At Risk; and 9120, Bidding for Construction Work.

All contracts subject to the E-Verify requirement will contain a provision stating that the contractor and the contractor's subcontractors must comply with the requirements of Article 2 of Chapter 64 of the General Statutes.

Legal References: G.S. 64, art. 2; 115C-36, -47, -264, -440, -441, -522, -528; 143-49 and art. 8; 147, art. 6E, art.6G

Cross References: Pre-audit and Disbursement Certification (policy 6421), Purchasing Requirements for Equipment, Materials, and Supplies (policy 6430), Purchase of Services (policy 6450), Budget Resolution (policy 8110), Facility Construction (policy 9030), Use and Selection of Architects, Engineers, Surveyors, and Construction Managers At Risk (policy 9110), Bidding for Construction Work (policy 9120)

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