

**Shelby County Board of Education**

**2012**

**Issued Date: 03/26/13**

**Revised: 03/25/14**

**10/28/13**

**06/25/13**

**CONTRACT REQUIREMENTS, APPROVAL AND  
SIGNATORY AUTHORITY**

**I. PURPOSE**

To identify when written contracts are required and the person(s) authorized to approve and sign contracts and other documents legally obligating the Shelby County Board of Education (SCBE); and to fulfill the District's oversight responsibility of ensuring that District resources are managed and allocated prudently in the best interest of students and the community while driving academic achievement and aligning with the goals of the Board and administration.

**II. SCOPE**

This policy applies to all written contracts or any other written documents, excluding purchase orders, which legally obligate the SCBE, including its schools or employees acting on behalf of the District, to perform any service, pay any monies or participate in any venture or endeavor.

The purchase of goods and services by contract is also subject to the policy on bids and purchases (see Policy 2006 Purchasing Authority).

**III. DEFINITIONS**

- A. Charter Schools – “[A] public school in the state of Tennessee that is established and operating under the terms of a charter agreement in accordance with the Tennessee Public Charter Schools Act of 2002” (T.C.A. 49-13-104).
- B. Contract – a written document legally binding a party or parties to provide a specific product or products and/or perform a specific service or services at a time, in a manner and for an amount mutually agreed upon by all parties involved,

including any extension thereof, and any amendment that changes the terms, conditions or obligations of an existing contract.

- C. Contract/Waiver Schools – Nontraditional schools created and operated in accordance with TCA §49-1-207, Innovative Educational Programs, and approved by the Commissioner of Education.
- D. Executive Committee–The Chair of the Board of Education and Director of Schools (Superintendent) constitute the Executive Committee of the Shelby County Schools Board of Education.
- E. Master Contract – An agreement setting the price at which various departments in the District may order goods or services authorized in a purchase order.
- F. No Cost Contract – a contract that requires no payment of money or monetary equivalent from SCBE.
- G. Non-professional Services – Services of a general nature based on skill that is repetitive in nature, for which there is adequate competition in the marketplace to set a market price (e.g., painting, roofing, cleaning).
- H. Professional Services – Services provided by an individual or group of individuals with a professed expertise based on prolonged and specialized intellectual training over time which enables a particular service to be rendered. The term implies professional attainment in specialized knowledge as distinguished from mere skill. Professional services include, but are not limited to, insurance, auditing, accounting and financial services; professional development, business consulting services; educational consulting services; research services; seminar leaders; surveys and studies; legal services; medical services; technical services (e.g., technology); and software development.
- I. Revenue Generating Contracts – A contract entered into for the primary purpose of generating revenue to the District or individual school.
- J. Settlement – an agreement ending a dispute, claim, demand or lawsuit against the District.
- K. Signature Authority – Authorization to sign a contract or other document legally binding the District.

#### **IV. POLICY STATEMENT**

The SCBE is responsible for governing Shelby County Schools as it deems necessary in compliance with state and federal mandates. A primary governance function of the Board is the provision of financial resources through adoption of a budget and approval of expenditures. The SCBE is, therefore, required to be fiscally responsible while governing with business efficiency. In order to govern with business efficiency while maintaining the fiscal integrity of the District, the SCBE recognizes and acknowledges that:

1. The District requires the allocation and expenditure of funds through an appropriate contract approval process.
2. In many instances the authority to sign contracts that are properly approved by the Board or the Administration must be delegated as a matter of business necessity.
3. Its vendors must be able to determine whether a contract with the Board has been properly executed and is, therefore, binding on the parties.

This policy shall govern who is authorized to: (i) approve; and (ii) sign a contract. In no event shall individual schools or departments enter into agreements with contractors, vendors or others without the required approvals and signatures. Agreements outside the prescribed SCS procedures entered into by individual schools or departments shall be deemed voidable. Further, the SCBE shall not be bound by any written contract or other written document that is not executed in conformity with this policy.

Employees who authorize or contract for any obligation in violation of this policy may be required to assume personal responsibility for the payment of the obligation and may be subject to disciplinary action, up to and including termination.

#### **Authorized Designees**

In accordance with applicable state law<sup>1,2</sup>, and Board policy, all written contracts equal to or greater than one hundred thousand dollars (\$100,000) shall require Board approval and Executive Committee signatures. Additionally, Board-initiated contracts and all contracts which require Board approval pursuant to the law and/or Board policy or resolution, once appropriately approved, shall require the Board Chair or Executive Committee signatures.

All written contracts less than or equal to nine hundred ninety-nine thousand nine hundred ninety-nine dollars (\$99,999) shall be approved and signed by the Superintendent and/or designee, unless exemptions apply. The Board shall be provided with a list of written contracts with a value of between twenty-five thousand dollars (\$25,000) and nine hundred ninety-nine thousand nine hundred ninety-nine dollars (\$99,999) and of all commodities contracts equal to or in excess of one hundred thousand dollars (\$100,000).

### **Contract Categories/Types Requiring Written Contracts**

Written contracts are required for:

1. The sale, exchange, transfer, lease/rent, or purchase of real property (see also policy 7002 Real Estate)
2. No-Cost contracts where liability is involved
3. Construction, renovations, repairs, and maintenance of facilities
4. Contracts for energy-related services that include both engineering services and equipment
5. Charter School and Contract/Waiver School agreements
6. The use of SCS facilities
7. Equipment leases (excluding short-term daily or weekly rentals) (see also policy 2006 Purchasing Authority)
8. Non-professional services performed on SCS property (see also policy 2006 Purchasing Authority)
9. Professional Services (see also policy 2013 Professional Services Contracts)
10. Sponsorships, grants or donations with specific terms and conditions
11. Revenue generating contracts
12. Master Contracts
13. Software contracts for the purchase, license, maintenance, and development of software, but excluding retail off-the-shelf software
14. Equipment purchases requiring vendor installation on district facilities
15. Settlements
16. Intergovernmental Agreements
17. Memorandums of Understanding
18. Memorandums of Agreement

### ***Requests for Approval***

When making a request to the Board for approval to enter into a contract, administration shall provide specific information including, but not limited to the following:

- a. District goal the request serves;
- b. Measurable outcomes expected;
- c. Cost for the previous three (3) years, where applicable;
- d. Cost per student served, where applicable;
- e. Explanation of expected benefits and why specific item or service is the best purchase;
- f. Other options for addressing the need for the purchase;
- g. Sustainability Plan;
- h. Implementation Plan;
- i. Adverse impact on students and/or the district if not approved at the level requested; and
- j. Number and description of staff positions to be created, where applicable.

## **Exemptions**

### ***Contracts Over One Year***

All contracts extending beyond one (1) year require Board approval regardless of the category/type or dollar amount, as well as Board Chair or Executive Committee signatures.

### ***Settlements***

Settlements of over one hundred thousand dollars (\$100,000) must be approved and signed by the Executive Committee. Settlements requiring specific performance shall be approved and signed by the Executive Committee or Superintendent. General Counsel is authorized to approve and sign settlements under one hundred thousand dollars (\$100,000). Every six (6) months, the Office of General Counsel shall provide the Board with a list of all settlements approved and signed by the Executive Committee, Superintendent and General Counsel.

### ***Blanket Exemptions***

The following contracts and agreements shall require Board approval and Board Chair or Executive Committee signatures in order to enter into and execute for any dollar amount:

1. Real Property Contracts – lease/rental, sale, exchange, transfer, or purchase of real property (7002 Real Estate)
2. Exclusive Contracts and Naming Rights Agreements
3. Construction Contracts– New Buildings

4. Specific<sup>1</sup> Energy-Related Services Contracts that include Engineering Services and Equipment
5. Contract/Waiver/Charter Schools Contracts
6. Intergovernmental Contracts (excluding state grant contracts)
7. Collaborative Conferencing Memorandums of Understanding and any and all subsequent addendums

## **V. RESPONSIBILITY**

- A. The Board is responsible for designating the person(s) authorized to approve and sign contracts as provided by this policy.
- B. The Superintendent is responsible for ensuring this policy is adhered to; administrative rules and regulations are developed to implement this policy; and that said rules and regulations are posted on the District website.
- C. The General Counsel (or designee) shall be responsible for negotiating, drafting and/or reviewing written contracts or other required documents.
- D. The Office of General Counsel shall be responsible for the final review and approval for legal sufficiency of contracts or other written documents legally obligating the District.
- E. Principals and/or department administrators seeking to enter into an agreement with vendors for work to be done; or with entities for generation of revenue; or no-cost contracts shall be responsible for submitting the contract and required documents to the department/employee designated by the Superintendent for review and processing.

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Legal References:

1. TCA 49-2-203
2. TCA 49-2-206

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Cross References:

1. 2006 Purchasing Authority
2. 0000 Professional Services Contracts
3. 7002 Real Estate

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<sup>1</sup> Contracts for energy-related services that include both engineering and equipment, and have as their purpose the reduction of energy costs in public schools or school facilities.

