

# Superintendent Procedure 6220SP.A

## **Responsibilities for Review, Approval, and Execution of Contracts and Other Agreements**

Approved by: s/S. Enfield Date: 2/18/12

Dr. Susan Enfield, Interim Superintendent



### I. BACKGROUND AND PURPOSE

As public agency employees, District staff are responsible for letting and executing contracts which provide the greatest assurance that the desired services will be provided on time and within budget, while minimizing cost and risk to the District. District staff are also responsible for using sound business practices and promoting fair competition among vendors, to the extent practicable, as the best means to assure quality service and minimum costs.

All District procurement activities must be performed in accordance with Board Policy 6220, Procurement, and with legal and statutory requirements.

Board Policy 6220 is available here:

<http://www.seattleschools.org/modules/groups/homepagefiles/cms/1583136/File/Policies/Board/series6000/6220.pdf>

### II. SCOPE OF THESE PROCEDURES

These procedures cover all contracts, purchases, agreements, and Memoranda of Understanding (MOU's) where the District receives money, pays money, or commits time and resources. These procedures also include but are not limited to:

- architectural and engineering contracts
- construction change orders
- construction contracts
- curriculum and educational materials
- emergency construction contracts
- equipment and supplies
- grants, interagency, and revenue-producing contracts
- non-construction contract modifications
- personal services and contracted services for professional services, including consultants
- real property
- software and related services
- sole source justifications
- transportation contracts

This procedure does not apply to individual employment contracts or collective bargaining agreements.

### III. OBJECTIVE

The objective of these procedures is to clearly delineate the approval process for contracts, agreements, and MOU's for all District staff.

Work and services pursuant to covered contracts **cannot begin** until final contract approval is secured according to the requirements of these procedures.

### IV. PROCEDURES

#### A. Approval Process

**Attachment 1** is a chart which shows the responsibilities for the review, approval, and execution of contracts and other agreements.

**Attachment 2** is the Superintendent/Asst. Supt. Bus. and Finance Approval Form.

**Attachment 3** is a Documentation of Competition or Sole Source Justification form for Personal Services contracts.

**Attachment 4** is a Sole Source Justification form for Equipment, Purchased Services, Construction, Software, and Curriculum materials.

**Attachment 5** is a cover memo to a staff member about a possible unauthorized procurement, seeking additional information.

**Attachment 6** is a cover memo to a staff member involved in an unauthorized procurement, once it is determined by Accounting or Procurement that an unauthorized procurement has occurred. This memo requests that the individual complete an Unauthorized Procurement Ratification Request form.

**Attachment 7** is an Unauthorized Procurement Ratification Request form, which must be (i) completed by the employee who has committed an unauthorized procurement, (ii) signed by the employee's supervisor, and (iii) depending on the level of the unauthorized procurement, signed by the Assistant Superintendent for Business and Finance and Superintendent.

**Attachment 8** is a page showing definitions of terms used in this process.

Any rejected contracts or agreements are sent back to the contract's initiator, who is responsible for resolving problems and issues related to the contract.

All staff members are expected to comply with the approval processes outlined in these procedures. Any staff member who commits an unauthorized procurement is subject to disciplinary procedures.

#### B. Definitions

**Initiator:** Responsible for preparing the contract document or agreement, providing information as required, securing budget approval, demonstrating sound business practices, complying with all legal/statutory requirements, and working with appropriate departments to obtain competition and finalize the contract.

Review/Approval: Indicates that person reviewing and approving the contract document or agreement certifies that it is in compliance with District policies and legal/statutory requirements. Review/approval does not bind the District to the contract or agreement.

Execute: Binds the District to the contract or agreement.

Attachment 8 shows further definitions.

### C. Examples

Following are examples of the approval process.

#### 1. Personal Services Contract

A high school principal decides to hire an artist-in-residence for her high school. The total cost of this contract is \$20,000, and the cost is not funded from federal dollars. Since the principal is the initiator, she completes the standard personal service contract, signs it, and sends to the Accounting Office for review, approval, and execution of the contract.

Complete instructions for completing Personal Services Contracts are found at: <http://inside.seattleschools.org/area/sap/sapforms.xml>.) **The contract must be executed prior to work commencing.**

Personal Services Contracts may also include services for:

- Medical and educational programs for Special Education in hospitals and educational institutions
- After school programs, tutoring programs, and community learning centers run by charitable and community organizations
- Attorneys
- Mediators
- Adjudicators
- Facilitators
- Title I teachers at private schools
- Supplemental education providers
- Musicians, performers, speakers
- Professional development trainers
- Professional development programs for private schools
- Interpreters
- Homeschool instructional services

#### 2. Construction Contract

A construction project calls for building upgrades, reroofing and window replacements at a middle school. Procurement staff advertises and issue the bid, working with construction staff to coordinate bid documents and timelines. The low bid is for \$479,000.

Procurement staff prepare contract documents, working with construction staff. Construction staff are responsible for securing approvals as required on the Superintendent/ Assistant Superintendent for Business and Finance Approval Form, and for preparing documentation as required by the School Board for the Superintendent's review and approval.

Upon final approval from the Board, the Superintendent executes the contract.

### 3. Purchased Services Contract

A manager wants to purchase pest control services for approximately \$30,000. Because the dollar amount is above \$25,000, he works with Procurement to obtain at least three competitive quotes, accepts the lowest one, and sends the requisition to his Director for approval. The manager then sends the signed requisition to Procurement for review and approval. Procurement executes the contract.

### 4. Grant Award

An elementary school receives notice of a grant award for \$95,000 from a local foundation. The principal, in conjunction with the Grants Office, reviews and approves this grant award. The principal and Grants Office then obtain review/approval of the grant award from Accounting, the Education Director, and the Legal Office. The Assistant Superintendent for Business and Finance executes the grant.

### 5. Contract Modification (construction)

Unexpected site conditions have raised the cost of a construction project at a middle school. The District construction project supervisor and the contractor negotiate a change order of \$90,000 for a contract of \$300,000. The original contract was previously approved by the School Board and Superintendent. The project supervisor completes a memo to the contract file explaining the reason for the change, as well as justification for the amount of the change, in sufficient detail to enable an experienced construction professional not familiar with the circumstances to understand the basis for the decision, including both the reason for the increase and the amount. The memo explains the reason for the cumulative increase of the contract amount, and states whether the added work or services could effectively be competed separately. Factors to be considered include the relationship of the added costs to the scope of work, timing, location, skill needed, or opportunities for competition.

The initiator signs and approves the change order and memo, and routes it for approval by the Manager, Director, Legal Office, Accounting, and Assistant Superintendent for Operations, the Legal Office, and Accounting. The Assistant Superintendent for Operations executes the contract modification.

Please also refer to Procedure 6220SP.D, Contracting for Services Procedure, for information about Contract Modifications.

### 6. Contract Modification (non-construction)

As a result of a Request for Proposal (RFP) process for software consultants, a vendor has been awarded a contract to upgrade one of the District's computer systems. The total amount of the contract award to the vendor was \$150,000, which was previously approved by the Superintendent.

- a. The department originating the contract now wishes to extend the original contract to the vendor by \$25,000 and 3 months. The project manager completes a memo to the contract file explaining the changes, with details appropriate to the circumstances. The documentation shall include an explanation of the reason for the change, as well as justification for the amount of the change, in sufficient detail to enable a professional in the field – i.e., in Information Technology -- who is unfamiliar with the circumstances to understand the basis for the decision.

The project manager reviews and approves the contract amount and extension, sends it to the department Director for review/approval, and to Accounting for review/approval. The Accounting Office executes the contract modification.

- b. The department originating the contract wants to buy a licensing agreement for one year for \$50,000. The project manager reviews and approves the licensing agreement, and sends it the department Director for review/approval. Accounting and Procurement review and approve the licensing agreement, and Procurement executes it.
- c. The department originating the contract wants to buy a licensing agreement for \$60,000 annually for five years, for a total of \$300,000. The project manager reviews and approves the licensing agreement, sends it to the department Director for review/approval, and then sends it to Accounting, Procurement, the Legal Office, the Assistant Superintendent for Business and Finance, and the Superintendent for review/approval. Because the contract is over \$250,000, this agreement must be reviewed and approved by the Board. After the Board approves the agreement, the Superintendent executes it.

Please also refer to Procedure 6220SP.D, Contracting for Services Procedure, for information about Contract Modifications.

## 7. Sole Source

A manager has purchased equipment which has special replacement parts only available from one manufacturer. The equipment has now stopped working, and the manager needs to order replacement parts. The parts cost \$15,000. The manager completes documentation justifying the procurement as a sole source purchase, including the rationale for the sole source. The Manager then signs it, and sends it to Procurement. Finding that the sole source justification has merit, Procurement staff section approves the form and include it with the purchase order. Purchasing keeps the sole source form in the file for this requisition.

## 8. Property Lease

A local private school would like to lease a closed school in the District for their K-6 academic program. The private school and the Property Manager negotiate a lease for 5 years and \$60,000 per year (or \$300,000 over five years). The Property Manager reviews and approves the lease, and then seeks approval from the Facilities Director, the Assistant Superintendent for Business and Finance, and the Superintendent. Because the lease is over \$250,000, School Board approval is required. The Property Manager and the Superintendent execute the lease.

## 9. Information Technology

A technology system (computer and software) is old and needs to be upgraded. The new system is expected to cost \$22,000. The project manager completes the requisition for the system, reviews and approves it, and sends it to DoTS for review and approval. The DoTS review is to ensure that the system meets strategic objectives, complies with technology architecture guidelines, and can be supported by DoTS. It is then sent to Procurement for review and approval. Procurement executes the purchase.

If the system qualifies as a sole source purchase, it requires sole source justification and documentation as appropriate. Where practical, competition is used to obtain the best price, terms, and service from dealers and distributors. Competition or sole source justification is required for all contracts funded from federal dollars.

- D. Exceptions authorized: Only the Superintendent, Assistant Superintendent for Business and Finance, or designee may authorize exceptions to this procedure.

Approved: February 2012

Revised:

Cross Reference: Board Policy No. 6220