

Elgin ISD
Internal Control Procedures: Contract Management

Goal: To ensure a systematic process to review and approve contracts with vendors to include purchases, services, maintenance agreements, construction, and other contracts as appropriate.

Contract Approval Authority [Board Policy CH Local]

- The Superintendent has been designated by the Board of Trustees to approve and execute all contracts for the purchase of goods or services for all single purchases that are less than \$50,000. The Superintendent has delegated the approval of all purchases less than \$50,000 as follows:
 - The Chief Finance Officer will approve purchases between \$5,000 and \$49,999.99
 - The Purchasing Director will approve purchases less than \$5,000
- The Board of Trustees retains the authority to approve all contracts for the purchase of goods or services for any single purchase that exceeds \$50,000.

Contract Review

- The requestor [campus or department] will forward the Contract document(s) to the Purchasing Director for review.
 - Contracts should preferably be Elgin ISD's Consulting/Contracting Services Agreement, or
 - Contracts may be vendor-originated
- The Purchasing Director will review the Contract and complete a Contract Review Checklist.
 - If the contract will be funded with federal grant funds, the following provisions must be included in the contract [Per TEA's Guidance and Best Practices].
 - The contract is only effective upon receipt by the subgrantee of the NOGA from the awarding agency.
 - The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
 - All services will be completed during the effective dates of the contract.
 - All services will be invoiced monthly after services are received (rather than paid lump sum at the beginning of the period of availability before services are rendered) and paid upon verification of receipt of services.
 - The regulations for procurement in 2 CFR §§200.318-323 are followed in issuing the contract.
 - All professional services provided under the contract will follow the provisions of 2 CFR 200.459 Professional service costs.
 - The contract identifies the funding sources that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.
 - The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in the contract.
 - The administrative costs charged to the grant in the contract must comply with any limitations for administrative costs for funding sources (if applicable).
 - The contract specifies that the invoice provided by the contractor will include the list of services provided, dates of services, and location(s) where services were provided during the billing period.

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- If the contract will be funded with federal grant funds, the following provisions must be included in the contract [Per EDGAR Appendix II Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards].
 - Contracts over \$50,000 must address administrative, contractual or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties.
 - Contract over \$10,000, must address termination for cause and for convenience by the District including the manner by which it will be effected and the basis for settlement.
 - Equal Employment Opportunity clause
 - Davis-Bacon Act clause for construction contracts, including compliance with prevailing wages. [The District must place a copy of the current prevailing wage determination used by the Department of Labor with each solicitation.]
 - Contract Work Hours and Safety Standards Act clause related to the computation of wages of every mechanic and laborer on the basis of a standard work week of 40 hours.
 - Rights to Inventions Made Under a Contract or Agreement clause if the federal award meets the definition of “funding agreement”
 - Clean Air Act and Federal Water Pollution Contract Act clauses if the contract is in excess of \$150,000
 - Debarment and Suspension clause which prohibits awarding a contract to a contractor who has been debarred, suspended or otherwise excluded from federal awards.
 - Byrd Anti-Lobbying Amendment clause which applies to contractors that apply or bid for an award exceeding \$100,000 who must file the required certification.
 - Procurement of recovered materials (200.322) clause
- If the Contract is recommended as is, the Contract will be forwarded to the Chief Finance Officer, Superintendent and/or School Board for final review and approval (signature).
- If the Contract is not acceptable as is, the Purchasing Director will contact the contract originator to attempt to resolve the deficiency(ies).
 - Legal advice from the district’s legal firm will be obtained as necessary to remedy the contract deficiencies.
- If the Contract is not acceptable and cannot be corrected to an acceptable form, the Purchasing Director will reject the contract and notify the proposed vendor.
- The Purchasing Director will file the rejected contract.

Contract Letter of Intent [Per TEA’s Guidance and Best Practices]

- The Superintendent may execute a Letter of Intent with a third party (contractor) prior a fiscal year or state/federal grant period only if the following provision is included in the Letter of Intent:
 - The final execution of the contract is contingent upon availability of local funds or receipt of a Notice of Grant Award (NOGA) and/or Grant Award Notification (GAN) from a state/federal granting agency.

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- The Superintendent will return the original, signed contract to the Purchasing Director.
- If the contract also requires School Board approval, the Purchasing Director will prepare the School Board Action Item for approval at the next regularly scheduled board meeting.
- The Board Secretary will return the original, signed contract to the Purchasing Director.
- The Purchasing Director will notify the contract originator that the contract has been approved.
- The contract originator will verify that the contract document(s) have been executed and take the following steps:
 - Ensure that both parties (District and Contractor) have executed the contract. Notify the contractor by letter, email and/or phone call, as appropriate, that the contract has been approved, but is pending encumbrance of funds.
 - Notify the contractor that the services cannot begin until the contractor receives the fully executed contract and Purchase Order.
 - Notify the contractor that the services cannot begin until the contractor submits any bonds, Certificate of Insurance, Criminal History, etc. documentation, as appropriate.
- The Purchasing Director will file the original contract.

Purchase Commitment for Contract (Purchase Order)

- The requestor will submit a purchase requisition for the annual cost [fiscal year] of the contract.
- Upon receipt of the purchase requisition, the Accounting Coordinator or Special Revenue Accountant will review and approve the requisition in accordance with the district's Purchasing Procedures.
- The Purchasing Director will review and approve the purchase requisition in accordance with the district's Purchasing Procedures; the CFO will approve purchases of \$5,000 and above.
- Upon approval of the purchase order, the Business Office will forward the approved purchase order to the originator.

Contract Filing Procedures

- Upon receipt of an approved contract, the Purchasing Director will file the contract.
- An Excel spreadsheet of contracts will be maintained. The spreadsheet will contain the following information (at a minimum):
 - Contractor/Consultant name
 - Originator's name
 - Approval dates
 - Acknowledgement of W-9 forwarded to Accounting Specialist
 - Contract termination date

Contract Management

- The contract originator will be directly responsible to ensure that the contracting party performs the services covered by the Contract. The contract originator will sign the invoice to certify that the work was completed to satisfactory standards.

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- The Accounts Payable Specialist issues payment after all documentation is received from the contract originator.
- The Business Office maintains evidence that payment was made only after the service was performed or goods received, and not before. Advance payment to contractors is prohibited.