



## Policy: 5.24

**SUBJECT:**                    **CONTRACTURAL AUTHORITY**

**Supersedes:**

**Effective:**                    September 8, 2008

**Page:**                         1 of 3

**Approved by:**             Detroit Board of Education

### 1.0 Policy

**SUBJECT:**

Principals/School Administrators responsibility/authority for entering into contractual agreements.

**BACKGROUND:**

By virtue of prevailing District Policy School principals and administrators and certain other Central Office and District staff have the authority to initiate purchase transactions involving up to \$5,000 without formal Board or other approvals. In the recent past this authority has resulted in various problems and issues when it has been used to enter into contractual agreements. This statement of policy is intended to provide clarity for those purchases of \$5,000 but where the nature of the transaction and/or the resulting or underlying commitment constitutes a contractual agreement. Contractual agreements as defined herein, regardless of the amount, require additional Central Office approvals as outlined in this Operating Policy Statement.

**POLICY:**

Purchases of goods and services of any amount which result in a written or oral binding contractual agreement require **mandatory review and approval** by the Office of Legal Affairs. These contractual agreements **can not** be solely approved by the principal or administrator. For purposes of this Statement of Policy a contractual agreement requiring approval as outlined herein shall be constituted and considered to exist when any of the following conditions are present:

1. Any transaction which requires the requesting party to issue and/or sign any document other than those associated with a routine Purchase request (i.e. a routine purchase order or a verbal purchase request.)

2. Any transaction that requires the requesting party to sign any non-District generated form and/or documents that have been initiated, prepared, produced, or drafted by the party selling the goods and/or service.
3. Any transaction that requires the purchaser (DPS agent) to draft, initiate or issue any form, agreement, document and/or contract other than those which exist in conjunction with normal district operating procedures, or others that have been specifically approved by the Office of Legal Affairs.
4. Any service or transaction which requires an effective hourly rate in excess of \$39.00 per hour.
5. Any contract for construction or construction related services, where building permits are required and/or where the nature of the service provided are subject to routine City inspections and approval. (i.e. electrical, plumbing, boiler etc.).
6. Contracts for any services in excess of one week in duration.
7. Any Contract which requires an individual or individuals to have unattended access to any DPS school premise, or facility.
8. Any contract for computer or EDP consulting.
9. Leases of any type (real or personal property) and of any duration.
10. All Vending Machine Contracts.
11. All Fund Raising Contracts.
12. Any contract that will result in annualized revenue of more than \$1,000.

If there is any doubt after reviewing the criteria above for contractual agreements requiring approval about whether a transaction constitutes a contractual agreement for purposes of this policy, the Office of Legal Affairs should be consulted prior to the initiation of the transaction.

#### **APPROVAL PROCEDURE:**

Any situation involving contractual agreements as outlined above requires the **prior approval** of the **Office of Legal Affairs**. The applicable contract or agreement along with all related and relevant documentation should be sent to the **Office of Legal Affairs** along with the approval form letter. The approval letter will be returned to the requesting unit by that office, either approved, or if not approved, outlining the problem/issues with the non-approval. The documentation submitted will be stamped approved, if applicable, by the Office

of Legal Affairs and should be retained in the requesting units files along with the approval form as the unit's evidence of compliance with this policy statement.

**POLICY VIOLATION RAMIFICATIONS:**

Principals and Administrators are not authorized to sign as district agents for any goods or services which constitute contractual agreements that are contrary to the policy outlined herein. Signing of any contract, lease or agreement in direct conflict with the aforementioned policy, without the appropriate approvals shall be a personal act which will not be the financial responsibility of the District.

Accordingly, failure to comply with the procedures outlined herein may result in the violator being personally responsible for the underlying obligations.

**Attachments to Policy 5.24:** None

**See also:** None

**Legal References:** None

**Labor Contract References:** None