

CONTRACTS WITH THE BOARD

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 Disbursement 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 involving expenditures equal or in excess of \$500,000 for construction or repair, and \$90,000 for the purchase of apparatus, supplies, materials, equipment, or services, must be reviewed by the board attorney and approved in advance by the board. Unless otherwise prohibited by statute or regulation, the superintendent or designee is authorized to enter into contracts or approve amendments to contracts equal or below \$499,999.99 for construction or repair, and \$89,999.99 for the purchase of apparatus, supplies, materials, and equipment; or approve change orders involving amounts up to \$50,000. No contract may be entered into with a person or entity that is on the state treasurer's Final Divestment List or Iran Parent and Subsidiary Guidance list, except as permitted by G.S. 147, art. 6E.

In its discretion, The Board of Education may delegate to the Superintendent the ability to award and execute a specific contract or type of other contract above \$90,000. In such event, the Superintendent shall report the contract to the board at its next regular meeting following award and execution.

B. SCHOOL'S INTERNAL FUNDS

To provide greater flexibility at the school level, the superintendent also may establish circumstances in which principals may enter contracts using a school's internal funds.

- 1) If the source of money to finance a purchase is a **school's internal funds**, the principal of the school may issue a school purchase order for material or supply items which are not on state contract and which cost less than \$20,000. The principal is responsible for verifying that the items purchased are not on State contract and are otherwise exempt from State Purchase and Contracts regulations. If the items to be purchased cost at least \$2,500, the principal is responsible for obtaining at least three telephone quotes to document that the items were purchased at the lowest cost; this documentation is to be attached to the copy of the school check which pays for the purchase.
- 2) If the source of money to finance a purchase is a **school's internal funds**, the principal of the school may issue a school purchase order for items printed by others (textbooks, periodicals, or other instructional materials which are copyrighted) without a dollar limit. If the textbooks are on a state-adopted list, an order must be placed through the Textbook Coordinator at the Central Office rather than directly to the publisher. Principals are encouraged to submit any periodical orders to the Director of Media so that volume discounts can be obtained through a

consolidated order.

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- 3) If the source of money to finance a contract is a **school's internal funds**, the principal of the school may enter into a contract for professional services without a dollar limit, providing he has obtained the prior written approval of the Superintendent to contract for that professional service. Under no circumstances may a principal use a contract for a professional service to compensate staff who normally would be paid through the payroll system.
- 4) Under no circumstances can **school internal funds** be used to purchase capital outlay type expenditures (equipment, improvements to buildings, or other improvements which will be capitalized as fixed assets) directly. In order to purchase capital outlay type items, a check must be made payable to the Buncombe County Board of Education for the cost of the item and submitted with a purchase order to the Purchasing Division. Written quotes should be attached for costs between \$5,000 and \$20,000.

Principals have no authority to enter in contracts for capital improvements of any amount without prior approval from the Superintendent or Board of Education.

C. CONTRACT FORMS

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

D. 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.

E. 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.

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 Certification (policy 6421), Budget Resolution (policy 8110)

Replaces Board Policies 520 and 585

NCSBA wording and revisions replacing Policies 520 and 585 were adopted: May 1, 2014

Revised: October 6, 2016

Revised: May 3, 2018

Revised: May 7, 2020

History of Policy 520

Adopted: April 12, 2012

History of Policy 585

Adopted: August 6, 1992

Revised: March 2, 1995

Revised: August 1, 1996

Revised: March 6, 2008