

Contracts Authority

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Overview & Purpose

As part of the directive to engage in procurement practices that benefit the Town and Academy, engaging in various contracts is necessary to obtain the best value of goods and services. Implicit authority, which is the assumption by a vendor that a Town/Academy representative has an ability to engage but whom is not specifically allowed by Town/Academy policies to do so, is not authorized for any employee and is grounds for discipline, up to and including termination. In order to ensure vendors acting in good faith are compensated for goods or services provided, it is necessary to outline the signatory authority granted to specific parties for entering into, updating terms, renewing, or cancelling contracts.

Participants

Council/Board – elected officials responsible for directing staff to purchase goods and services to facilitate the mission and activities of the Town/Academy

Department Head – appointed director of a Town department or Academy function and any person authorized to act on their behalf

Head of School – Employee with authority to direct procurement activities on behalf of the Academy

Town Manager – Employee with authority to direct procurement activities on behalf of the Town

Town Secretary – Employee tasked with the records collection and management of executed contracts

Authorized Contracts

Contracts, as discussed in this policy, are agreements to purchase goods or services. The Town/Academy only considers written and executed contracts, properly authorized, to be valid; verbal agreements are not considered a binding contract and therefore are not allowed.

While all procurement, including contractual purchases, must adhere to the Town/Academy's purchasing policies, not all purchases require a contract to proceed; purchases allowed to be made without a contract will be excluded from this policy.

As a public entity, the Town and Academy are allowed to enter into the following types of contracts:

Direct purchase of goods or services contract: Standard contract in which a price has been directly negotiated with Westlake for a vendor to provide goods or services at a mutually agreed upon price and schedule.

Not-to-exceed contract: Agreement between Westlake and a vendor to provide specific goods or services but that the total price, final quantity or quality, or contingent needs are unknown at the time of agreement

Interlocal agreement (ILA): Council/Board-approved agreement between Westlake and another public entity subject to the same procurement statutes to provide goods or services directly to Westlake.

Vendor Contract through ILA: Council/Board-approved agreement between Westlake and another public entity subject to the same procurement statutes that allows Westlake to purchase goods or services at a rate negotiated by the other public entity. The vendor must agree to uphold the same terms negotiated.

Cooperative purchasing agreements: Council/Board-approved agreement to participate in an establish forum which leverages purchasing power to negotiate prices on behalf of its members

Engagement letters: Agreement between Westlake and a professional service provider, as defined by statute, to provide a professional service

Purchase Order: Purchase orders are legally considered a contract between Westlake and a vendor for the goods or services listed therein

Change Order: Formal amendment to an original contract or purchase order

Any other contract type must be presented to the Town Manager/Head of School and Director of Finance for review prior to execution. The Town Manager/Head of School may authorize or prohibit a contract type in the best interest of Westlake. This authorization is specific to the contract type or format only; all applicable financial policies must still be followed.

Signatory Thresholds

Authorized signatories apply to all allowable contract types. It is the responsibility of the employee administering the contract to adhere to the process. Contract signatory authority aligns with purchasing threshold amounts listed in Purchasing Authority (07.11) and is a separate consideration from budgetary approval. The thresholds listed below are on the basis of total contract, including optional extensions.

Less than \$3,000.00 –Department Heads/Principals have the authority to sign a contract for budgeted goods or services for which their department is the administrator

\$3,000.00 to \$19,999.99 – Head of School/Town Manager has the authority to sign a contract for budgeted goods or services

\$20,000.00 - \$49,999.99 – Head of School will be the signatory for Academy contracts, once the Board has voted to approve the contract and delegated that authority; Town Manager will be the signatory for Town contracts, once the Council has voted to approve the contract and delegated that authority

\$50,000.00 and above – Council/Board approval will list the person authorized to execute the contract; this is usually the Town Manager or Head of School

Contracts for construction or construction-related activities, such as project management, regardless of amount, must be signed by the Town Manager, unless otherwise directed by the Council/Board.

Budget approval is not the same as contract signatory authority. If purchases are made via contract, the above thresholds apply.

Administration of Contracts

Contract administration and maintenance are the responsibility of the contract administrator. This includes Council/Board approval, as necessary. All contracts must be reviewed by the organization Attorney, Town Manager, Head of School, and Director of Finance, as appropriate, regardless of amount or method. All executed contracts must be provided to the Town Secretary for official records.

New Contracts

Contract being entered to with original terms must adhere to all procurement methods and purchasing thresholds.

Changing the Contract Terms

Should the need arise to change the terms of a contract during the contract period, the administrator must work with the vendor to determine the best course of action. Contracts or vendors may allow for amendments, change orders, or appendices to revise the terms of the original contract. When that is not possible, Westlake must adhere to the cancellation terms in the contract and enter into a new contract. New contracts may require administrators to start the procurement process from the beginning, depending on the scope change included.

Cancelling Contracts

All contract cancellations must be reviewed with the Attorney. Westlake must include terms for cancelling contracts in any executed contract. These can be negotiated with the vendor, when applicable and appropriate, but should allow for a notice period.