

CABARRUS COUNTY CONTRACT ADMINISTRATION POLICY
(THE “POLICY”)

PURPOSE AND OVERVIEW:

This Policy is intended for internal use of the County only and is not intended to infer benefits to nor is it to be relied upon by parties contracting with the County. Such parties are encouraged to seek advice from their own legal counsel.

Due to the rapid growth and increasing complexity of County operations, it is important to establish a Policy that: (1) organizes and catalogs all obligations and rights involving the County; and (2) insures that all federal, state and local laws, rules, regulations and ordinances with regard to County contractual obligations and rights have been met. The purpose of this Policy is to establish the criteria for documenting all County obligations, liabilities and rights with regard to other parties and to create and maintain an efficient and uniform process in the administration of these responsibilities. This Policy will ensure that such matters are handled in a manner that is consistent with excellence in the stewardship of County funds. Adherence to this Policy will also ensure that County purchasing and other applicable policies are complied with and will help ensure that the County obtains the most proficient and cost efficient product and/or service providers. A goal is to consolidate contracts when appropriate in order to reduce paper flow and administrative costs.

GENERAL POLICY GUIDELINES:

1.) Written Agreement Required. Except for emergency situations, as designated by the County Manager, any consideration of any kind given by or to the County must be subject to a written agreement that reasonably sets forth the responsibilities and rights of the parties to the agreement. “Consideration” includes but is not limited to; services, money, personal or real property and time donations-anything of value given by one or both parties to the other.

2.) Review and Approval. All County contracts must be reviewed or prepared by the County Attorney. This requirement may only be waived in writing by the County Attorney, County Manager or Deputy County Manager.

3.) Mandatory Contract Terms. Certain standard terms must be included in all County contracts:

(i) Pre-Audit Certificate. If the contract requires expenditure of County funds, it must be pre-audited and contain a pre-audit certification signed only by the County Finance Director or Deputy Finance Director. This clause shall read: *“This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.”*

(ii) Non-appropriation Clause. Non-appropriation clauses must be included in any County contract requiring expenditure of County funds and entered into for terms longer than the then current fiscal year.

(iii) Insurance. Unless waived in writing by the County Manager, Deputy County Manager or Finance Director, in consultation with the County Attorney, all County contracts must include insurance provisions and certificates with minimum limits as follows:

Coverage	Minimum Limits
Workers' Compensation	\$ 500,000 minimum; Statutory Limits Preferred
Employers' Liability	\$ 500,000
General Liability	\$1,000,000 per occurrence /\$2,000,000 aggregate
Automobile Liability	\$1,000,000
Professional Liability	\$1,000,000 per occurrence/\$2,000,000 aggregate

The County shall be named as an additional insured and it is required that coverage be placed with an "A" rated insurance companies acceptable to the County. The contract should provide that the County must be added as an additional insured as evidenced by an endorsement attached to the insurance certificate. The contract must also provide that failure to include the required insurance certificates may be cause for contract rejection or termination.

(iv) Signature Authority. All contracts must be signed by the correct party as indicated below, unless otherwise specifically authorized in writing by the Board of Commissioners ("BOC") or County Manager. The BOC and the County Manager may periodically assign contract signing authority. The Contract Administrator and County Attorney will be notified in writing of any such assignment of authority.

Contracts That Require Expenditure of County Funds/Receipt of Funds by County:

<u>Permitted Signatory Party</u>	<u>Aggregate Monetary Commitment Levels (Over The Entire Anticipated Term Of The Contract)</u>
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Department Head	Up to \$15,000.00
County Manager	\$15,001.00 to \$50,000.00
Chairman of BOC	above \$50,001.00

Contracts That Do Not Require Expenditure of County Funds or Receipt of Funds:

If the contract does not involve an expenditure of County funds or receipt of funds, the County may still be at financial risk and or have potential liability. Therefore, even if a contract does not involve expenditure of County funds or receipt of funds, unless signature authority has been delegated in writing to a Department Head by the BOC or the County Manager, the contract must be signed by the Deputy County Manager, County Manager or Chairman of the BOC.

CONTRACT PROCEDURES:

a.) The Department Head is responsible for notifying the Contract Administrator (appointed by the County Finance Director) of the need for a contract. On certain occasions, the County Attorney may approve use of a generic form contract that may be used by the Department as a proposed initial draft. There will also be occasions where the County Attorney must draft “from scratch” initial contracts. The Department needing a contract must complete the “Department Section” of the Contract Control Sheet (“**Exhibit A**”) and send it with the original proposed contract or contract terms to the Contract Administrator for processing. It is very helpful for the Department to insure that the following information is correct in this original submission: (1) Full, precise legal name of the vendor and any D/B/A (“doing business as” name). If the vendor operates under a D/B/A, North Carolina law requires the vendor to file a Certificate of Assumed Name with the County Register of Deeds Office. Please attach a copy of this filed certificate. (Many sole proprietors operate under D/B/A names.); (2) complete physical location and mailing address of the vendor; (3) if vendor is an entity (i.e. corporation, limited liability company, partnership, etc.) the home state of such entity. The Contract Administrator will determine if the nature of the contract requires certain bid procedures to be followed and will be responsible for implementing such procedures. The Contract Administrator shall then send the proposed contract to the County Attorney for review. The County Attorney shall be responsible for reviewing the contract on a timely basis for legal sufficiency, based upon the assumption that all business terms stated (i.e., pricing, payment terms, products/services specified) are acceptable from a business perspective. The County Attorney shall make any necessary legal adjustments or redo the contract if necessary and forward the contract to the Contract Administrator for implementation. The Contract Administrator is responsible for obtaining all necessary signatures. Once the contract is fully executed and filed with the Contract Administrator, a copy will be forwarded to the County Attorney and the applicable County Department. The Contract Administrator will assign each new contract a Contract Control Number. A copy of the Contract Control Sheet will be returned to the Department after the contract has been processed and will contain the Contract Control Number as well as note if the Department funds allocated to the contract are encumbered.

The Contract Administrator shall maintain all original County contracts in a fireproof contract file located in the Finance Department Vault.

SUBSEQUENT CONTRACT ADDENDUMS/MODIFICATIONS:

If a fully executed contract later needs an addendum and/or modification, the Department should complete a NEW Contract Control Sheet with all the current information. The original Contract Control Number must be included on the new Contract Control Sheet in order to identify which contract is being amended. Any change in a contract term after it has been approved by the County Attorney must also be approved by the County Attorney.

PREMATURE TERMINATION OF CONTRACTS:

If a contract needs to be terminated prematurely, the Department should promptly notify the Contract Administrator and forward detailed documentation to the Contract Administrator stating the reasons for the termination request. A copy of the Contract Control Sheet should be attached. **Absolutely no contract is to be terminated prematurely without written authorization from the Contract Administrator and the County Attorney. Wrongful termination of a contract can have serious adverse consequences to the County.** Properly terminated contracts will be removed from the contract ledger and any remaining encumbrances canceled by the Finance Director.

MANDATORY TRAINING PROCEDURES:

All Department Heads and any other County employee granted permission to execute County contracts hereunder, whether currently employed or employed in the future, must attend a mandatory training session regarding implementation of this Policy prior to executing any County contracts after October 1, 2004. Current employees authorized hereunder must attend a training session on or before October 1, 2004.

This Cabarrus County Contract Administration Policy was approved by the Cabarrus County Board of Commissioners at its regular meeting on _____, 2004. By: _____, Robert M. Freeman, Chairman