I. GENERAL

Establish formal procedures to ensure that all significant agreements pertaining to procurement of goods and services entered into by the Borough meet minimum legal standards and provide appropriate protection for the Borough.

II. PURPOSE

This policy establishes a uniform process for determining when a formal contract and/or certificate of insurance is needed from the vendor/contractor when the Borough is expending funds or otherwise agreeing to purchase goods or services.

III. RESPONSIBILITY

A. Each department director shall ensure that the process set forth in this policy is followed by their department staff.

B. Human Resources shall maintain this policy.

IV. POLICY

A. A formal written contract and/or professional services agreement, which has been reviewed and approved by the Legal Department, is required anytime the Borough enters into an agreement to receive or provide services that exceed $20,000 (with the exception of Road Service Area Contracts between $20,000 and $50,000).

B. Risk Management review is required, and a certificate of insurance may be necessary, at the discretion of the Risk Manager, at any dollar amount if:
   1. The use of a motor vehicle is central to the service performed.
   2. The service involves livestock or other animals.
   3. The service involves professional services subject to Title 16 (i.e., Veterinarian, Architect, etc.).
   4. The service involves any inherently risky or unusual activity (i.e. scuba diving training, security patrols, pyrotechnic, window washing, etc.); or,
   5. The service involves the rent or use of Borough buildings or real property.

C. Risk review is not required when the risk involved in the one time or the infrequent use of a service is likely to be immaterial and timely Risk Management review is not feasible.

D. The acquisition of goods in excess of $50,000 requires a formal contract and a certificate of insurance from the contractor.

E. Only those authorized to sign a contract may do so.
   1. Only the Mayor (or their designee) is authorized to sign a formal contract for the Borough.
2. Ultimately it is the contractor's responsibility to ensure an authorized signer is signing for the Contractor. Departments must exercise due diligence in ensuring that the signer has authority to enter into a contract.

V. PROCEDURE

A. Certificate of Insurance – if it is determined that only a certificate of insurance is required to complete the purchase of goods or services, then:

1. The department shall request that Risk Management review the proposed services and provide the insurance requirements to be provided by the vendor/contractor.

2. Upon receipt of the certificate of insurance from the vendor/contractor, Risk Management shall provide written approval or denial of the certificate.

3. If approved, the department shall submit a purchase requisition to Purchasing for processing with the written approval from Risk Management attached.

B. Only those with authorization may enter into a formal contract.

1. Examples of authorized signers are:
   a) For a Corporation; a corporate officer (president, vice-president, chairperson of the board, or other individual authorized by articles of incorporation, bylaws, or board resolution).
   b) For a member-managed LLC; a member.
   c) For a manager-managed LLC; a manager
   d) For a partnership; a general partner (limited partners are not authorized to sign).
   e) For a sole proprietorship; the sole proprietor.

2. Only the Mayor (or delegated signer) is authorized to enter into a formal contract under $100,000. If the contract is over $100,000 the Borough Assembly of Finance Committee must approve the contract before it is signed.

3. It is the Department's responsibility to ensure an authorized signer signs the formal contract. If the Department is unsure whether the signer is an authorized signer, the Department will consult with the Chief Procurement Officer before proceeding with the contract.

C. Contract for Services obtained without formal IFB/RFP process (under $20,000 or $50,000 for Road Service Areas, RFQ, sole source procurement, etc.) if it is determined that a formal contract is required to complete the purchase of services, then:

1. The department develops an initial draft of a services or professional services agreement.

2. This draft is sent to Risk Management for a determination of insurance requirements to be included.

3. Risk Management then forwards the draft to Legal for review. (Where appropriate steps 2 and 3 can be conducted concurrently).
4. After the agreement is executed and insurance requirements (if needed) are provided by the contractor, they are routed to Risk Management, Legal Department, and the Mayor's Office for review and signature, and then to the Clerk's office to attest and preserve.

5. The department submits a purchase requisition to the Purchasing Division with an original copy of the contract to be sent to the vendor with the purchase order. (Where appropriate the routing can be conducted simultaneously.)

D. Contract for Services valued at over $20,000 obtained via a formal IFB/RFP process:

1. The approved professional services or services contract template is included in the IFB or RFP document. At the individual department's discretion, and in accordance with the guidelines of this policy, the contract or insurance requirements therein, can be reevaluated by Legal or Risk Management to determine if revised terms and conditions are required for any particular procurement.

2. After the procurement process is completed and the contract is signed by an authorized signer for the contractor and the insurance documents are provided by the contractor, they are routed to Risk Management, the Legal Department, and the Mayor's Office for review and signature, and then to the Clerk's Office to attest and preserve.

3. The department submits a purchase requisition to the Purchasing Division. The Purchasing Division matches up the purchase requisition with an original copy of the contract to be sent to the vendor with the purchase order.

E. Approval of the purchase order shall serve as the notice to proceed.

VI. SUPPLEMENTAL INFORMATION

A. References –

1. FNSBC 2.12.010
2. FNSBC 16.08.020
3. FNSBC 16.12.090

B. Definitions – None

C. Attachments – None

D. Revision History

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