



Policy

Financial Policy-Contracts

Category:	FM-Business Contracts
Policy Number:	FM-2017-05-10.4
Date Approved	
Proponent:	Board Chair
Approved By:	Name:
	Signature:

1. **Purpose and Scope:** To establish required Board management of financial operations and resources. This policy shall apply to all product and services contracts except for standard employment contracts.

2. **Background:** In compliance with OCGA 20-2-504-6; the Board is required to maintain control over financial operations and may not delegate that responsibility to others per charter. **In previous versions of this policy, certain authorities were granted to subordinates and office staff, which is not permitted by law.** In addition, the school has participated in contracts which may have violated one or more provisions in the Georgia Code. This policy seeks to bring the school’s operations into compliance with OCGA 20-2-506 et. seq., which states:

(b) Except as otherwise provided in this Code section, each county, independent, or area school system in this state shall be authorized to enter into multiyear lease, purchase, or lease purchase contracts of all kinds for the acquisition of goods, materials, real and personal property, services, and supplies, provided that any such contract shall contain provisions for the following:

(1) The contract shall terminate absolutely and without further obligation on the part of the school system at the close of the calendar year in which it was executed and at the close of each succeeding calendar year for which it may be renewed as provided in this Code section;

(2) The contract may provide for automatic renewal unless positive action is taken by the school system to terminate such contract, and the nature of such action shall be determined by the school system and specified in the contract;

(3) The contract shall state the total obligation of the school system for the calendar year of execution and shall further state the total obligation which will be incurred in each calendar year renewal term, if renewed;

(4) The total combined annual payments for contracts under this Code section and contracts of such school system under Article IX, Section III, Paragraph I of the Constitution in any calendar year, excluding guaranteed energy savings contracts, shall not exceed an amount equal to 7.5 percent of the total local revenue collected for maintenance and operation of the school system in the most recently completed fiscal year; provided, however, that the foregoing limitation shall not apply to contracts with other public educational entities, including school systems in this state, for the education of students; and

(5) For each guaranteed energy savings contract, a school system shall document the historical energy



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cost of each structure affected for a period of at least one year prior to the date of the contract and shall document the monthly energy cost and monthly energy savings of each affected structure for the life of the contract.

(c) In addition to the provisions enumerated in subsection (b) of this Code section, any contract authorized by this Code section may include:

(1) A provision which requires that the contract will terminate immediately and absolutely at such time as appropriated and otherwise unobligated funds are no longer available to satisfy the obligations of the school system under the contract; or

(2) Any other provision reasonably necessary to protect the interests of the school system.

(d) Any contract developed under this Code section containing the provisions enumerated in subsection (b) of this Code section shall be deemed to obligate the school system only for those sums payable during the calendar year of execution or, in the event of a renewal by the school system, for those sums payable in the individual calendar year renewal term.

(e) No contract developed and executed pursuant to this Code section shall be deemed to create a debt of the school system for the payment of any sum beyond the calendar year of execution or, in the event of a renewal, beyond the calendar year of such renewal.

(f) Any such contract may provide for the payment by the school system of interest or the allocation of a portion of the contract payment to interest, provided that the contract is in compliance with this Code section.

3. Policy:

All contract requests for products and/or services shall first be submitted to the Finance Committee in writing in electronic format no less than two weeks before a regularly scheduled meeting. The request must be accompanied by a written justification for the expenditure from the presenter/requestor. All contracts for any products or services must first have the recommendation of the Finance Committee and be submitted to the Board no less than one week in advance of a regularly scheduled meeting. The recommendation of the Finance Committee shall be accompanied by a written justification for approval to ensure the proposed contract complies with the annual budget Board policies and the GA Code; and then may be presented to the Board for consideration.

- a. Contracts must be submitted in electronic format no less than one week before the board meeting where it will be voted on. The proposed contract must contain at a minimum, the following information:
 - i. Name of the contractor,
 - ii. Date performance shall begin,
 - iii. Date of termination,
 - iv. Language from the above statute as needed,
 - v. Negotiated total cost,



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- vi. Specific items or services to be provided,
- vii. Remedy for breach,
- b. The approved contract must be signed by the board Chair and Treasurer,
- c. Approval of contracts will be documented in the board minutes, and should include the following:
 - i. Name of the awardee,
 - ii. Amount and duration of contract
 - iii. Information regarding where a copy of the contract may be located.
- d. Contracts without appropriate budgetary approvals will not be executed.
- e. Existing active contracts are not enforceable since they were not validly executed, and must be reviewed and approved by the board (exception to services to children such as Speech Therapy, Psychological services). These contracts should be presented for review at the next board meeting to assure continuity of operations.
- f. Any powers granted the CEO or the CFO in the Charter may also not be delegated to subordinate staff unless specifically stated.

Emergencies-In the event that products or services are required in an emergency situation, the Board Officers may approve waiver of the notice requirements above. In this case, the Board may approve the expense via email vote following all other rules. If this occurs, all justifications and information pertaining to the emergency situation shall be fully presented at the next regularly scheduled board meeting.

4. Responsibilities:

The Governing Board is required by the Charter, (Section 14, a-d) to exercise substantive control over financial matters, resource allocations and school operations. The CEO/Principal shall ensure that all contractual actions comply with this policy. Generally, it is expected that contracts will be referred to the FC by the CEO/Principal. Subordinate staff should submit expenditure requests to the CEO who will refer them to FC if approved. All contracts submitted to the Board for approval will be provided electronically by the Finance Committee. The at requests should be presented at the meeting with sufficient information supporting the recommendation for approval. Violations of this policy may result in termination of employees involved.

5. Acronyms:

—OCGA-Official Code of Georgia Annotated; CEO-Chief Executive Officer (Principal);
FC-Financial Committee



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6. 8. Definitions:

- Board = refers to the Board of directors of Georgia Charters Schools Inc, as the managing board for Kennesaw Charter Science and Math Academy (also known as Kennesaw Charter in CCSD records)