

THE ROMAN CATHOLIC

ARCHDIOCESE OF ATLANTA



SIGNED CONTRACTS WITH OUTSIDE VENDORS INSTRUCTIONS

September 2024

The pastor/principal is responsible for overseeing the parish/school affairs, including contract related decisions. Authority is granted to the pastor in the parish bylaws, which identifies the pastor as the board of director's president. The Policy Manual of the Office of Catholic Schools requires the principal to enter into agreements on the school's behalf.

Delegation of Authority

Signing authority generally lies with the pastor/principal who should be the primary signer of contracts. Corporate bylaws for the parish allow the board of directors to authorize any officer, agent or agents of the corporation to enter a contract or to execute and deliver any instrument in the name and on behalf of the corporation. The term "agent" may include individuals such as business managers. Such authority must be in writing and may be general or confined to specific instances. In this case, it is recommended that the pastor/principal reviews and is aware of all contracts being entered into.

If the decision is made to delegate authority to sign contracts, certain aspects should be considered. First, if an individual signs on behalf of a parish entity and has not been given authority to do so, the contract could be considered null and void. Thus, proper granting of authority is recommended.

The following points should be considered when delegating authority:

- Careful consideration should be given to who should be granted authority, including conflicts of interest, segregation of duties and awareness of the overall entities' business operations. Examples of those to consider include the treasurer, parish administrator and business manager.
- The delegation of authority should be in writing and signed and dated by the pastor/principal. Clearly written documentation outlining the scope of the delegated authority, any limitations or restrictions and the duration for which the authority is granted helps in avoiding misunderstandings and provides a formal record of the delegation.
- Delegation of authority should be communicated to relevant parties such as the treasurer, finance council or any other individuals involved in the contract approval process.

- The person to whom the authority is delegated should be informed and aware of the responsibilities, expectations and any specific guidelines associated with the delegated authority.

A clearly written delegation of authority (i.e. express written authority) helps to maintain transparency, accountability and proper record keeping. It also serves as a protective measure for all parties involved in the decision-making process and provides reasonable assurance of responsible and ethical decision making.

Monetary Threshold

Determining the appropriate monetary limit for delegated contract signing should be based on various factors, including the entity's income or financial situation, specific circumstances of the entity, its financial stability and the types of contracts involved. There is not a one size fits all answer.

When setting a monetary limit for contract signing authority, consider the following:

1. **Finances:** The church's financial strength and income are relevant factors. Setting a limit that aligns with the church's ability to meet its financial obligations is prudent.
2. **Types of Contracts:** Consider the nature and size of the contracts typically encountered by the church. Larger and more complex contracts may require a lower monetary limit, while routine or smaller contracts might warrant a higher limit. Additionally, contracts that are auto renewed should include a requirement for notification of the auto renewal. A 90-day notification period is suggested.
3. **Risk Management:** Assess the potential financial risks associated with various contracts. Lowering the monetary limit for contracts with higher financial risk can help mitigate potential liabilities.
4. **Legal Guidelines:** Ensure that the established limit adheres to any legal requirements regarding financial matters and contract authorization.
5. **Length of Contract:** Longer-term contracts often involve more significant financial commitments and potential risks. Multi-year contracts are to be avoided and require approval from the pastor and in the case of a school, the superintendent of schools.

Additional Considerations for Contracts:

1. **Legal and Archdiocesan Compliance:**
 - Provide the contract to Catholic Mutual for review
 - Adhere to civil and canon laws when entering a contract

- Consult with relevant advisory bodies, such as the finance/advisory council, legal team and possibly the archdiocesan Office of Finance before entering a contract
2. **Documentation and Record-Keeping:**
 - Properly document all contracts, including clear terms and conditions
 - Maintain copies of contracts as required by law and the archdiocesan's record retention policy
 3. **Review and Update:**
 - Regularly review and update contracts to ensure they remain relevant and effective