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# NEVADA COUNTY SHERIFF'S OFFICE



## GENERAL ORDER 64

Effective October 21, 2011

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<b>SUBJECT</b>	<b>Contracts, Agreements &amp; MOU Procedures</b>
<b>POLICY</b>	Administer contracts and agreements in compliance with all applicable laws, statutes, policies and procedures
<b>PURPOSE</b>	To establish a procedure for administering contracts and agreements in compliance with County policy
<b>CODE REFERENCE</b>	Nevada County Board of Supervisors Resolutions 02-439, 98-479, 90-674, 90-675, 90-676
<b>CASE LAW</b>	
<b>DEFINITIONS</b>	<p><b>Contract:</b> Any binding agreement between the county, a county department and any vendor for delivery of goods or services regardless of the dollar amount involved. Authority to enter into (execute) contracts is restricted to the Board of Supervisors, Chief Executive Officer and the County Purchasing Agent. No member of the Sheriff's Office has authority to sign contracts unless authority granted by a specific Board Resolution. Contracts can be for either expenses or revenues.</p> <p><b>Types of Contracts:</b></p> <ul style="list-style-type: none"><li>• <b>Purchase Order</b> – Required for all purchases over \$1,000. Purchase orders also accompany Personal Service Contracts through the purchasing process as a mechanism of tracking contract expenses.</li><li>• <b>Personal/Professional Service Contracts</b> – Used when specific or unique goods are to be delivered or services performed on an ongoing or temporary basis. May also be referred to as Memorandum of Understanding (MOU). Examples include services such as: installation of radios in patrol vehicles, psychology services, mortuary series, court security agreements, asset forfeiture sharing, helicopter rental, law enforcement services etc.</li><li>• <b>Public Works/Construction Projects</b> – Handled by Facilities and Maintenance Division of the General Services Department with input from various departments.</li><li>• <b>Software/Hardware Purchase Contracts</b> – Used to acquire major technology systems. Decision process to include the Information Systems Department.</li></ul> <p><b>Contracts Coordinator:</b> The Sheriff has designated the Chief Fiscal Administrative Officer to be the Contracts Coordinator with the following duties:</p>

- Establish and control contract files in compliance with Sheriff's Office policy and procedure, Resolution 98-479, Auditor-Controller contract procedures, County Counsel Purchasing Agent and/or Risk Manager
- Ensure appropriate documentation of payments, revenues, insurance, and other data required by the contract is maintained
- Annually, or more frequently if needed, provide each Division Commander with a list of contracts that fall under their authority. Division Commanders will ensure that the Project Coordinator is aware of his/her assignment and that each contract is reviewed for necessary action.

**Project Coordinator** – The Sheriff has authorized the Division Commanders to designate a Project Coordinator for each contract. In most cases this should be the person who oversees the progress of a specific project or whose scope of responsibility includes the subject area of a specific contract. For example, the Chief Deputy Coroner is the project coordinator for pathology related contracts. The Project Coordinator has the following duties:

- Initiating contract; managing the project; coordinating with vendors for contract deliverables; ensuring vendors provide valid and current documentation of required insurance; review; approval, and submission of invoices for payment or backup for billing.

## **PROCEDURE**

### **A. Contracts Required - Among other examples, contracts are required for:**

1. Purchases of goods over \$2,500.00 (Purchase Order issued by the Purchasing Agent).
2. Rental of Property (Nevada County Commercial Lease Agreement or Standard Form Contract provided by the vendor)
3. Purchase of ongoing Professional Services (Personal/Professional Services Contract)
4. Purchase of services, major assets or systems exceeding \$25,000.00 per year (requires Board of Supervisors approval).
5. State, Federal, and Military agencies use their own contracts whose form and terms are often not negotiable. In these instances their contract forms are usually acceptable to the County.
6. Revenue contracts and grants for provision of Law Enforcement Services.

### **B. Contract Form**

1. County standard form contracts are preferred. These forms are currently available on the "I" drive at - I:\Contracts\Personal Services\PSK.dot. Also available are various exhibits that may be incorporated into and become part of the contract.

All contracts will include at a minimum:

- a. A Standard Form Contract or contract provided by the vendor.
- b. Exhibit A – documenting the services to be performed by the vendor
- c. Exhibit B – Documenting the costs to be paid
- d. Some contracts will include other exhibits such as, training or installation schedules, depending on the nature and complexity of the contract.

## C. Insurance

The following types of insurance are representative of the types of coverage required by the county with regard to contracts. If the contract involves construction, environmental services, or a lease of real property other insurances may also be needed. The “Certificate of Insurance Requirements Checklist” (copy attached) is available from the Risk Manager’s office and is helpful in determining insurance requirements. The Auditor’s Office will not make payments under the contract until all insurance requirements have been met. For revenue contracts, the County may need to provide evidence of insurance.

- a. Commercial Liability Insurance - All contracts require the vendor to carry at least \$1,000,000 Commercial Liability Insurance. (BOS Resolution 90-674, amended by 02-439).
- b. Professional Liability / Errors and Omissions insurance – Contract involving professional services such as accounting, legal, or medical services.
- c. Business or Commercial Auto Insurance – Required with all contracts (BOS Resolution 90-674). Personal auto liability insurance may be acceptable provided it is “business rated”.
- d. Worker’s Compensation Insurance – Required when a vendor’s employees will be used to work under the contract.
- e. Depending on the service being provided the vendors may be required to carry other forms of insurance.
  1. **Endorsements** – Most vendors are required to provide certificates of insurance before the commencement of the contract. **An endorsement naming Nevada County as an “Additional Insured” is also required when vendors work on county property, on county equipment, or otherwise prudent due to circumstances. This endorsement generally is separate from the standard declaration provided for liability, worker’s comp, etc.**

## D. Contract Initiation and Submission

1. For **All** Contracts:
  - a. Project Coordinator is to involve the Contract Coordinator (CFAO) in the planning stages, as early in the process as possible.

- b. Project Coordinators complete the cover sheet of the contract, (PSK.dot contract), exhibits A, B, and any other exhibits or supporting documentation appropriate to the contracted service or purchase. (See Contracts Process Procedure Checklist). Nonstandard contracts generally require legal department review.
  - c. Review the contract with the Contracts Coordinator.
  - d. Provide a copy of the contract to the vendor for their review.
  - e. When the final details and terms are negotiated, secure the vendors initials on each page and signature on the appropriate page/s of the contract.
2. Contracts under \$25,000
- a. Revenue contracts and grants up to \$5,000 may be authorized and signed by the CEO of the County per Section A-II 17.12 B of the Administrative Code.
  - b. Project Coordinators will submit the original signed, and completed contracts with insurance certificates and endorsements to the Contracts Coordinator who will:
    - 1. Review the documents for completeness.
    - 2. Submit the contract with a requisition for a purchase order to the Purchasing Agent. Requisition not required for revenue contract.
    - 3. Establish an electronic folder in SharePoint, available department wide, providing a central location for contract documents, invoices, and etc., in compliance with Resolution 98-479.
3. Contracts over \$25,000
- a. All contracts over \$25,000 must be approved by Board of Supervisor's resolution. (BOS Resolution 98-479)
  - b. Project Coordinators will draft a resolution and letter of explanation to the Board of Supervisors, addressing the need for the contract or project, the benefit to the department and/or county, and the funding to be used and provide these to the Contacts Coordinator for review.
  - c. The Contracts Coordinator and Sheriff's Administrative Assistant will formalize and prepare the documents for submission to the Board of Supervisors. Documents need to be submitted no later than 12 days prior to the Board Meeting.
  - d. Sheriff's Administrative Assistant to advise the Contracts Coordinator and Project Coordinator when the contract is scheduled for Agenda Review, the BOS meeting and the results of the BOS's action.
  - e. Project Coordinator and/or Contract Coordinator to be available for Agenda Review and/or BOS Meeting to answer questions.

- f. Typically the Board of Supervisor's Office staff will forward copies of the completed contract to the vendor.

**Attachments:** Certificate of Insurance Requirements Checklist  
Contracts Process Procedure Checklist

### Certificate of Insurance Requirements Checklist

1 \_\_\_ **Contract Name**

- \_\_\_ a. Does the vendor's name on the insurance certificates match the vendors' name on the contract?

*Does the contract require?*

2 \_\_\_ **Commercial General Liability \$1,000,000**

- \_\_\_ a. Must have General Liability 'per occurrence' checked.  
\_\_\_ b. 1,000,000 limit minimum required.  
\_\_\_ c. Check Cert of Ins effective dates. Have they expired?  
\_\_\_ d. Must have 'Endorsement' which names the County.  
\_\_\_ e. Compare the endorsement's policy number to the Cert of Ins policy number--policy numbers must match.  
\_\_\_ f. Ensure that the endorsement's language matches the intent of the County's contract.

*Does the contract require?*

3 \_\_\_ **Auto Liability \$1,000,000**

- \_\_\_ a. 1,000,000 limit.  
\_\_\_ b. Personal Auto \$300,000

**Or**

- \_\_\_ c. Business Related \$1,000,000,  
(Business auto means contractors who use their vehicle to travel to & from the services they provide for the County, i.e. XYZ Cleaning Company.)

**Or**

- \_\_\_ d. Commercial Policy \$1,000,000.  
(Commercial auto means they use their vehicle to perform the services for the County, i.e. a company who black tops parking lots.)

- \_\_\_ e. Check Cert of Ins policy effective dates. Have they expired?  
\_\_\_ f. Compare the endorsement's policy number to the Cert of Ins policy number--policy numbers must match.  
\_\_\_ g. Ensure that the endorsement's language matches the intent of the County's contract.  
**FYI only:** Auto endorsement exception: If general liability and auto are the same company AND their policy numbers are the same, the general liability endorsement will work for both.

4 \_\_\_ **Workers' Comp. \$1,000,000**

- \_\_\_ a. Check Certs of Ins policy effective & expiration dates. Have they expired?  
\_\_\_ b. If the contractor has no employees, attach a statement from the contractor.

5 \_\_\_ **Errors & Omissions or Professional Liability** (different buzz word for same coverage.)

- \_\_\_ a. \$1,000,000 for professional services.  
\_\_\_ b. Check cert of ins policy effective dates. Have they expired?

**FYI only:** The simplest way to determine if Professional insurance is required is if the services provided entail "brain work" or "physical work." If the work expected is to involve the use of professional knowledge, then professional liability insurance is required. Examples would include professions that require a mandated licenses such as engineers, architects, attorneys, physicians, etc.

6 \_\_\_ **Print out AMBest.com rating**

- \_\_\_ a. AM Best rating must be B+ or higher.  
\_\_\_ b. If AM Best rating is below B+ , must discuss this with Risk Manager.  
\_\_\_ c. If no AMBest rating is available request financial statements from broker/vendor

7 \_\_\_ **Limits of Liability**

- \_\_\_ a. Does the limits of liability match i.e. 'high severity' / low severity' etc.  
(Ask yourself if the contract's 'schedule of services' matches the insurance coverage provided. For example, if hazardous materials are being transported, is there insurance coverage for transporting hazardous materials.)

8 \_\_\_ **Waiver**

\_\_\_\_\_ a. If waiver is attached, form must be signed by CEO, County Counsel or Risk Mgr.

7/29/2011

**CONTRACT/MOU/ AGREEMENT  
PROCESS PROCEDURE**

See: Department Contract Administration Procedures Document

Project  
Coordinator: \_\_\_\_\_

	Responsible For			Project Coordinator (CC) Complete	CFAO Contract Coordinator (CC) Complete Need		Administrative Asst. Sheriff (AA) Complete Need		Comments
	PC	CC	AA						
<b>ALL CONTRACTS</b>									
Planning Stage - Discussion	Green	Blue							
Cover Sheet	Green								
.psk contract	Green								
Exhibits A, B	Green								
Supporting Docs	Green								
Insurance/Other	Green								
CC Review		Blue		NA					
Copy to Vendor for review and signature	Green								
<b>Contracts under \$25,000</b>									
Submit signed Contract	Green								
Submit Insurance Docs	Green								
AA Review		Blue	Yellow						
Package to Purchasing		Blue		NA					
Create E Folder (SharePoint)		Blue							
<b>Contracts over \$25,000</b>									
Draft Resolution	Green								
Draft Letter of Explanation	Green								
Formalize BOS Package		Blue	Yellow	NA					
Create E Folder (SharePoint)			Yellow	NA					