1000.0 - Contracts and Commitments

The negotiation of contracts and creation of commitments is a process inherent to all businesses, including the church. This section of the policy manual includes policies and guidelines that will assure Diocesan entities enter into valid and proper contracts and commitments. The policies and guidelines include:

1001.0 – Contracts & Commitments (Non-Employment)

1002.0 - Leasing

1003.0 - Arms Length Negotiation and Conflict of Interest

1004.0 – Contracts & Commitments (Employment)

1005.0 – Employment Contracts - Other

Also refer to Series 1400 regarding Real Estate

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Contracts are generally negotiated by individual parishes, schools, agencies and institutions for various services or projects.

Assistance and expertise should be sought from the individual Finance Council as deemed appropriate in conjunction with the pastor/principal/director or moderator.

A project, may require multiple contracts. In determining the application of the approval limits outlined below, a project must be considered in its totality, and all associated contracts summarized to arrive at the true value of the project.

Contracts and other commitments are subject to the following approval policies.

- Projects or individual contracts committing resources in excess of $10,000 require documented consultation with the parish/school/agency/institution’s Finance Council in addition to the approval of the pastor/principal/director or moderator.

- Projects or individual contracts for an amount greater than $10,000 but less than $50,000 require the approval and signature of the Diocesan Finance Director. The Finance Director will be the signatory on contracts or proposals for projects that fall within this dollar range.

- Projects or individual contracts totaling $50,000 or more required the approval and signature of the Bishop of Columbus.

- For projects with a cost in excess of $50,000, the Bishop of Columbus will be the signatory on all contracts for the project, even if one or more of the individual contracts has a value of less than $50,000.

- Projects related to maintenance, repair or construction in excess of $5,000 are to be reported to the Superintendent of Buildings.
Leasing of Goods and Services
Leases for the acquisition of goods by a parish/school/agency or institution are negotiated by the individual entity. Approvals of leases for acquisitions of goods will be governed by the following:

- Leases committed to a total cash outlay in excess of $10,000 require documented consultation with the parish/school/agency/institution’s Finance Council.

- Leases committed to a total cash outlay in excess of $10,000 but less than $50,000 require the approval and signature of the Diocesan Finance Director.

- Leases committed to a total cash outlay in excess of $50,000 require the approval and signature of the Bishop of Columbus.

This policy also applies to lease renewals.

Leasing of Property for a Diocesan Entity or from a Diocesan Entity
See Policy 1403 – Leasing of Diocesan Property
We are stewards of resources entrusted to us by others and it is critical that all contract negotiations occur with only the best interests of the parish/school/agency or institution in mind.

Arrangements for the purchase of goods and/or services which should be avoided, include:
- Arrangements with parishioners
- Arrangement with family members or friends of the pastor/principal/director or other staff members.

These relationships create, at least, the appearance of a conflict of interest. To avoid the potential for a conflict of interest, multiple proposals are to be obtained and selection made according to the proposal most advantageous to the parish/school/agency or institution.

To remove a potential appearance of a conflict of interest, it is critical that an entity receive 2 or more competitive bids for any arrangement subject to contract.
Policies in place for the employment of school principals and school teachers vary.

Principals and Assistant Principals are employed under the terms and conditions of a principal’s employment contract. These contracts contain standard language that is not to be modified without the express written approval of the Office of Catholic Schools.

See Policy 2211.12 Administration-Contract Arrangements
Office of Catholic Schools, Policies and Regulations

Lay teachers (full and part-time but not substitutes) are employed under terms and conditions of a teacher’s employment contract. These contracts contain certain standard language that is not to be modified without the express written approval of the Office of Catholic Schools.

See Policy 2211.125-Administration-Contract Arrangements
Office of Catholic Schools, Policies and Regulations

All contracts for religious working as a teacher, principal or assistant principal, require the signature of a competent authority for the individual community as well as the signature of the religious.

Unless the religious community’s regulations forbid it, religious principals are also obliged to sign contracts.

Contracts made with a religious are between the community and the hiring institute.

See Policy 2211.12 and 2211.125-Administration-Contract Arrangements
Office of Catholic Schools, Policy and Regulations

The American Guild of Organists (AGO) has created a model contract for use by its members. This contract jeopardizes the at-will nature of the employment relationship and is not to be used.

The employment relationship with a member of a religious order is to be documented using an agreement between the order and the hiring institution. A template for use in creating this agreement is in Policy 1814 – Agreement for Services of Religious. Please note, this is an at-will employment relationship and not a contractual relationship. The exception as to the type of relationship and the form for documenting the relationship would be where the religious serves as a teacher, principal or assistant principal.

The Auxiliary Professional Contract is no longer to be used by schools (elementary or High School).
Employees of parishes, schools, agencies and institutions, other than as specified in policy 1004 are generally not eligible for Employment Contracts.

If circumstances exist for which an Employment Contract is required, the employment contract must be approved by the Diocesan Finance Office and signed by the Bishop of Columbus.

In all other instances, it is recommended that a letter be issued at least annually to employees specifying level of compensation and benefit levels. Each letter must clearly identify the employment arrangement as at-will.