

## **DIOCESE OF CROOKSTON CONTRACT REVIEW POLICY**

This policy is to ensure that the procedures for executing contracts is clearly explained and followed by all authorized personnel. The following outlines proper procedures for executing contracts, and the requirements for insurance and contract language determining responsibility in the event of a loss.

### **GENERAL REQUIREMENTS**

The types of contracts and dollar amounts will vary greatly depending on the project. This policy applies to all contracts regardless of size. It applies to contracts for services, such as employment contracts and snow removal, as well as major building projects and lease arrangements.

All contracts must be examined using criteria from this policy. All proposed contracts exceeding the amount of \$10,000 for parishes, schools, agencies and offices of the Diocese of Crookston must be reviewed and approved by the diocesan attorney. In the case where several nearly identical contracts are required over a period of time, such as employment contracts, the diocesan attorney may approve the use of a standard form contract. A sample standard contract for small construction jobs, including renovations and small additions, is attached.

### **PROFESSIONAL SERVICES**

A professional service contract should be used for the services of architects and engineers. Evidence of professional liability insurance is to be provided to the Diocese, including a Certificate of Insurance naming the parish and the Diocese of Crookston as additional insured. Contracts with architects for feasibility studies carry no specific insurance requirements.

### **CONSTRUCTION PROJECTS**

Though projects exceeding \$10,000 will require approval by the Bishop, the contracting body is asked to do the initial review. (See 'Review Process' section below.) No commitment, oral or written, should be given until approval is received from the Bishop. Contractors working on any project, whether new construction, repair and/or renovation, must provide a Certificate of Insurance proving coverage and naming the contracting party and the Diocese as Additional Insured on the project. Contact Catholic Mutual Insurance (1-800-228-6108) to determine the type and amounts of insurance coverage required of a Contractor. The types of insurance will vary depending on the type of contract. In each case, the Contractor must provide Worker's Compensation, Public Liability and Automobile Liability Insurance, as appropriate, and verify coverage with Certificates of Insurance. Catholic Mutual suggests \$1,000,000 as a minimum amount of liability coverage on all contracts. A copy of the contract with the required Certificate should be submitted to the Finance Officer.

### **REVIEW PROCESS**

The contracting body is responsible for the initial review of the proposed contract. The contract should be carefully reviewed to make certain that the terms and conditions are satisfactory. Any questions regarding the contract must be resolved prior to execution of the contract.

1. All terms and conditions should be reviewed to assure protection of the interests of the contracting body. Carefully review contract language that relates to responsibility in the event of a loss. Contract language must provide that the

Contractor assume responsibility for any loss (bodily injury, death, and/or property damage) that occurs as a result of performance of the contract. The contract should not contain any agreement to indemnify the contractor. Such language would require the owner to protect and defend the contractor against any claim resulting from any loss.

2. The contract should never waive any right of future action against the Contractor for any loss arising out of the performance of the contract.
3. Prior to the commencement of any work the Contractor must provide evidence of insurance covering the risks and exposures associated with the performance of the contract. A copy of the Certificate of Insurance must be attached to the contract. Check the certificate for: expiration dates, amounts of coverage, and the statement "The Diocese of Crookston and the contracting location (such as St. Michael's Parish) are Additional Insured". The certificate of Insurance should also state that the insurance company will give at least thirty (30) days notice in the event of cancellation of insurance.
4. The amount of insurance required of the Contractor will vary depending on the type of contract and the risks and exposures to loss associated with the contract. Contact Catholic Mutual (1-800-228-6108) to determine the exact type and amounts of insurance coverage required.

### LEASES AND RENTING

When entering into any lease or rental arrangement with a non-parish group for diocesan or parish facilities, a written agreement outlining responsibility for liability must be part of the rental or lease process. The leasing or renting party must assume all liability. The agreement should also specify:

1. Types and amounts of insurance required.
2. A phrase stating insurance will not be cancelled until after thirty (30) days written notice to the Landlord.
3. The Landlord and the Diocese of Crookston shall also be named as additional named insured on the tenants' policies. This should be completed prior to use of the facility.

Special event coverage may be purchased in lieu of the above three items for one-time events. See the special events section below for additional information.

The diocesan attorney must review all building lease or rental agreements. After following the review procedure outlined in this policy, send a copy of the Lease or Rental Agreement, complete with Certificate of Insurance to the Finance Officer. The parish and the diocese must both be named as additional name insured on the certificate.

When there is no fee charged for the use of the facility, or when insurance is not available and usage is not regular, a facility Usage and Indemnity Agreement will suffice instead of the Certificate of Insurance. A sample form is attached.

### FACILITY USAGE AND INDEMNITY AGREEMENT

The Facility Usage/Indemnity Agreement must be used when non-parish sponsored or affiliated groups use parish facilities on a short-term basis such as one day or a week.

The following groups are examples of non-parish sponsored or affiliated groups that should sign the Facility Usage/Indemnity Agreement:

1. Girl Scouts, Knights of Columbus, American Legion or other similar organizations that use parish facilities for meetings or fund-raisers.
2. AAU sport teams or non-parish sponsored sport classes/clinics.
3. Parishioner and non-parishioner families that rent or use parish facilities for wedding receptions, family reunions, anniversary parties or other similar activities. (In lieu of signing the Facility Usage/Indemnity Agreement, a parishioner or non-parishioner family would be eligible to purchase "special event" liability coverage through your parish via Catholic Mutual.) Please note that funeral luncheons are parish sponsored events.
4. Any other organization, municipality or county organization that uses parish facilities for a meeting or function that is non-parish sponsored.

The Facility Usage/Indemnity Agreement requires the facility user to provide the parish with a certificate of insurance documenting general liability coverage in the amount of \$500,000 per occurrence. This certificate of insurance must name your parish and the Diocese as an additional insured. It is not adequate to obtain a certificate of insurance that names the parish as a "certificate holder."

It is often asked what criteria an organization must meet to be parish sponsored or affiliated. In the event of an insurance claim involving a potential non-parish sponsored activity, the following questions would be asked to further determine if a group was parish sponsored and eligible for insurance coverage:

1. Did the parish have full control over the group or function?
2. Did any costs or fees associated with the function flow through parish accounts?
3. Was the function or group open to all parish members?
4. Was the purpose of the function or group to facilitate learning, raise revenue for the parish or provide a social service on behalf of the parish?
5. Was the teacher or leader of the group a parish volunteer or employee?

In general, a group which does not meet the definition of an affiliated organization or is unable to answer the above five questions in the affirmative would not be parish sponsored. Accordingly, that group must sign the Facility Usage and Indemnity Agreement and supply the parish with the necessary insurance documentation.

### INSPECTIONS

In all cases, parishes, schools and other institutions are requested to regularly inspect premises, particularly preceding and following special events. Commonly inspected areas should include:

1. Parking lots and exterior stairs (shovel, salt and sand as necessary);
2. Exterior handrails to ensure they are secure;
3. Interior stairs and floors should be kept clear, dry and free of debris. Mop as necessary. Caution signs used as necessary;

4. Interior stairs and exit ways properly lit, exits clearly marked and emergency lighting in working order;
5. All tables and chairs inspected for treacherous or unsafe conditions;
6. Parish grounds are kept free of debris, depression, holes and unsafe equipment.

#### GUIDELINES IN THE EVENT OF A LOSS

1. Contact the Catholic Mutual Insurance Company, Claims Department at 1-800-228-6108.
2. Make an accurate log, including date, times, names and addresses of all persons witnessing the event.
3. Do not throw items away prior to an inspection by the insurance adjuster. If items have been completely destroyed, make a complete and accurate inventory of said items.
4. If you are contacted by an insurance adjuster from another insurance company, notify the Catholic Mutual Insurance Company as to when this adjuster is coming out to inspect the loss.