

## SIGNING CONTRACTS...WHO, WHAT, WHY, WHERE AND WHEN

Annually, many PTAs enter into a variety of contracts, such as contracting with a band to provide live music for a school dance, or to purchase supplies for student spirit stores or for fundraising ventures. "PTA assumes full responsibility to comply with the terms and conditions of the contract and to pay the agreed-upon sum. The fact that the activity or fundraiser may not be a financial success or the PTA has insufficient funds to meet the obligation has no effect on the responsibility assumed." (National PTA PTA Finance Quick Reference Guide).

Contracts are "legally enforceable agreements between two or more persons or organizations." To find guidelines and written resources pertaining to signing contracts, refer to the California State PTA Toolkit, Finance, Policies and Procedures, Contracts; and National PTA's PTA Finance Quick Reference Guide.

### BEFORE ENTERING INTO A CONTRACT ON BEHALF OF PTA, CONSIDER THE FOLLOWING:

- Has the membership approved the project?
- Does the president have authorization from the board/executive committee to negotiate a contract?
- Have all proposed contracts been received in writing?
- Are the terms and conditions understood by and agreed to by the board/executive committee?
- Do you need review by legal representation?
- Is the length of the contract limited to the term of the participating officers, not to encumber future boards?

If the vendor wants the PTA to sign a contract with a "hold harmless clause" the association should contact the California State insurance broker before signing. A hold harmless clause in the vendor's favor places the responsibility on the PTA for injury or damages.

PTAs are required to obtain a "hold harmless agreement" and "evidence of insurance" from each vendor, concessionaire, or service provider who provides service for PTA projects or events. Instead of providing "evidence of insurance" to each individual unit, businesses may file an annual copy of coverage with the California State PTA insurance broker. A list of providers can be found on the current insurance website: [www.pta.bbt-knight.com](http://www.pta.bbt-knight.com).

When entering into a contract, the PTA president is responsible for the agreement and should clearly identify that it is the PTA entering into the contract and not the president or second **elected** officer as individuals. The signatures on a written contract should read, "\_\_\_\_\_ PTA (unit, council or district PTA) by: John Doe, president and Mary Smith, vice president." (California State PTA [Toolkit](#).)

PTA officers cannot enter into any contracts before they legally take office. Remember, if there is any question about the terms or conditions of the contract, the proper time to seek advice is before signing – not after.