

REPLY TO: Grayson G. Kelley  
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August 8, 2012

FIELD(Salutation) FIELD(First Name) FIELD(Last Name)  
FIELD(Title)  
FIELD(Department)  
FIELD(Address)  
FIELD(City State Zip)

Re: Review of Contracts Exceeding \$1,000,000 (G.S. §114-8.3)

Dear FIELD(Title) FIELD(Last Name):

As you may be aware, Session Law 2012 as amended by Session Law 2011-326 (codified as G.S. §114-8.3) now requires the Attorney General or the Attorney General's designee to review all proposed contracts for supplies, materials, printing, equipment and contractual services that exceed \$1,000,000. The stated purpose of the review is to "ensure that the proposed contracts are in proper legal form, contain all clauses required by law, are legally enforceable, and accomplish the intended purposes of the proposed contract." G.S. §114-8.3(a). The legislation also authorizes the Attorney General to designate attorneys outside the Attorney General's Office to perform the required legal reviews. The purpose of this letter is to formally notify you of this review requirement; advise you of procedures we have developed to conduct contract reviews; designate attorneys on your staff to review certain contracts; and request your cooperation in ensuring that all covered contracts proposed by your agency are reviewed in an efficient and timely manner.

In order to facilitate the contract review process, this Office has developed review policies and a contract review checklist for the use of reviewing attorneys. We have also drafted a list of questions which we recommend be considered by your attorneys and agency procurement officials. A copy of these documents is attached for the use of attorneys in your agency who may be approved to conduct contract reviews, as well as other personnel who may find them beneficial.

In addition, this letter should be considered formal approval for your general counsel, and any licensed attorney who is supervised by your general counsel, to conduct contract reviews required by G.S. §114-8.3 in accordance with the policies established in the attached documents. The review structure we have established authorizes your in-house

attorneys to review covered contracts with a projected value between \$1,000,000 and \$5,000,000. Contracts expected to exceed \$5,000,000 must also be reviewed by an attorney on the Attorney General's staff. Typically, this additional review will be conducted by an attorney on our staff who is normally assigned to advise and represent your agency. Contracts in excess of \$15,000,000 must also be reviewed by attorneys in the Property Control Section of this Office, or the Transportation Section in the case of Department of Transportation contracts. The attached contract review checklist should be used as a guide by your staff, but not as a substitute for professional judgment. Attorneys in this office will, of course, be available to assist your staff at any point in the contract development and review process.

Please provide these documents to appropriate personnel in your office. Your cooperation in ensuring that contracts requiring review by this Office are forwarded in a timely manner will be greatly appreciated. In turn, our lawyers will endeavor to complete their legal review within ten days of the receipt of all information necessary to perform a thorough review. Should you or your staff have questions at any time in regard to this process, individual contracts or contracts in general, please contact the Property Control Section of the Attorney General's Office at (919) 733-7408.

Very truly yours,

Grayson G. Kelley  
Chief Deputy Attorney General

GGK/ml

attachments