



CONTRACT MANAGEMENT POLICY

SUMMARY:

This Policy:

- Requires a written agreement for all transactions with outside parties (unless otherwise approved by Legal Services)
- Requires that all Contracts are budgeted or approved in advance by the Financial Planning and Analysis department and negotiated by legal counsel for Northside prior to signing
- Mandates the use of an electronic contract requisition system (LESCOR) for Contracts (except for Contracts described in Footnote 1 of this Policy)
- Establishes who is authorized to sign Contracts on behalf of Northside
- Describes how Contracts are stored and maintained

DEFINITIONS:

For purposes of this Policy, the following terms have the following meanings:

- (a) **“Annual Contract Cost”** means the total cost of the Contract in the first year of the Contract term including one-time fees and recurring fees.
- (b) **“Authorized Signatory(ies)”** means Northside employees who are authorized to sign Contracts as described in this Policy.
- (c) **“Campus CEO”** means the Chief Executive Officer of Northside Forsyth, Northside Cherokee, Northside Duluth, and Northside Gwinnett.
- (d) **“Contract(s)”** means all agreements between Northside and any third party that impose obligations (financial or otherwise) of any kind on Northside whether or not such agreement is designated a “contract”. For example, Contracts include but are not limited to: non-disclosure agreements, confidentiality agreements, master agreements, statements of work, proposals, service agreements, event agreements, purchase agreements, equipment lease agreements, consignment agreements, evaluation/trial agreements, financial services agreements, independent contractor agreements, transportation agreements, license agreements, quotations, contracted clinical personnel agreements, memoranda of understanding, letters of intent, order forms, and offers and acceptances.
- (e) **“Direct Supervisor”** means an individual to whom the Requestor directly reports and who directly supervises the Requestor’s work. For example, the Direct Supervisor of a Manager is a Director, and the Direct Supervisor of a Director is a Vice President. If a Manager does not directly report to a Director, then the Manager’s Direct Supervisor for purposes of this Policy is the Vice President to whom the Manager directly reports. “Direct Supervisor” does not refer to a supervisor-level employment position.
- (f) **“LESCOR”** (short for “Legal Services Contract Review”) means Northside’s web-based contract requisition and approval application.
- (g) **“Northside”** means Northside Hospital, Inc. and all affiliated medical practices and/or facilities owned and/or operated, in whole or in part, by Northside Hospital, Inc.
- (h) **“Northside System Vice President”** or **“Northside System VP”** means a Northside Vice President with specific authority to make decisions for and bind the entire Northside system.
- (i) **“Requestor(s)”** means Northside Managers, Directors, and Vice Presidents and others approved by Legal Services to submit Contracts for review.
- (j) **“Required Approver(s)”** means those individuals authorized to approve Contracts in LESCOR.



GENERAL POLICY:

Northside generally requires a written agreement for all transactions involving the purchase or lease of goods, software, or services or any arrangement which imposes obligations (financial or otherwise) on Northside. Legal Services must approve all transactions that are not supported by a Contract. Northside may refuse to make, or delay, payments to vendors or other parties if the payment is not supported by a written agreement that complies with this Policy.

Please be aware that a Contract for purposes of this Policy is not always titled “contract” and may not appear to be a contract. Examples of documents which are considered Contracts subject to this Policy include proposals, quotations, NDAs, SOWs, letters of understanding, memoranda, offers, order forms, etc. Please contact Legal Services if you are unsure of whether a document is subject to this Policy before it is signed.

PROCEDURE:

1. **LESCOR.** All Contracts must be submitted for appropriate approvals through LESCOR, which is located on the Northside intranet page under the “Applications” heading.¹ Only Requestors are authorized to use LESCOR unless otherwise approved by Legal Services. Contracts sent by email or by any other manner to Legal Services will generally not be reviewed until the Contract is submitted through LESCOR. Requests for Legal Services to draft a Contract (for example, where the vendor does not have a contract form) should also be submitted using LESCOR.² Requestors must complete all required fields in LESCOR. LESCOR will not process Contract review requests that do not include all required information.

Please observe the following when using LESCOR:

- Before submitting a Contract, please ensure that the Contract is the correct version and that all documents referenced in the Contract are included in LESCOR at the time of upload (for example, all of the exhibits and any other Contract documents referenced in the Contract (including the text of any hyperlinked terms) should be attached to the initial LESCOR upload). If the Contract references another contract (for example, a master agreement), please upload a copy of the other contract signed by Northside and the other party when you upload the Contract. Failure to comply may increase review times.
- To reduce delays in reviewing Contracts, please obtain and submit an editable (unlocked) Word version of the Contract and all supporting documentation from the other contracting party.
- After the initial LESCOR upload, please do not submit redlined drafts in LESCOR. Redlined drafts should be emailed directly to the attorney assigned to review the Contract. The attorney assigned to review the Contract is noted in LESCOR.

¹ The following Contracts should not be submitted in LESCOR, but must be reviewed by an attorney representing Northside (in-house or outside counsel) before the Contract is signed: real property contracts (including construction and development contracts and property leases), employment agreements, clinical research agreements, managed care contracts, physician service agreements, and insurance contracts. Contact Legal Services if you have questions about whether a Contract should be submitted through LESCOR or who should review a Contract.

² In this case, it is not necessary to upload a contract document to LESCOR.



2. Departmental Approvals. In many cases, the Contract may implicate other Northside departments or otherwise require additional pre-approvals. Before submitting a Contract to Legal Services for review, Requestor is required to consult with the appropriate person(s) within the departments listed below in Table 1 if the conditions described in Table 1 are met and disclose to Legal Services any concerns of the applicable departments. Table 1 is not exhaustive. Requestor is also required to consult with other departments not listed in Table 1 that may be impacted by the Contract before submitting the Contract to Legal Services for review and inform Legal Services of any concerns of those departments.

| Table 1 – Departmental Approvals | |
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| Condition | Department |
| If the expenditure is not already approved in the current operating or capital budget. | Financial Planning and Analysis |
| <p>If the Contract involves connection to any Northside computer equipment or networks, including Wi-Fi or involve computer technology or software, including software as a service, or involve transfer of Northside data (electronically or on paper).</p> <p>-OR-</p> <p>If the Contract involves vendor access to or use or disclosure of Protected Health Information.</p> | Information Systems |
| If the vendor is a physician, immediate family member of a physician, a physician practice, or another entity owned or controlled by physicians. | Compliance |
| If the equipment or supplies acquired under the Contract will be used to perform medical or surgical procedures not previously performed at Northside (i.e., new technology, new procedures, or experimental procedures). | Quality & Patient Safety Financial Planning and Analysis |
| If the Contract is for the purchase or lease of equipment, supplies, or software. | Northside Supply Chain Management - Atlanta |
| If the Contract includes a lease of assets (property or equipment). A lease generally occurs when a Contract involves a physical asset, supplies, or software and the Contract payment terms plus any renewal periods are greater than one year. A lease also occurs when Northside receives a piece of equipment at no cost in exchange for committing to purchase a minimum amount of supplies or disposables (also known as a placement agreement). | Northside Accounting |
| If the Contract requires a Certificate of Need or DET-EQT Request for Determination from the Georgia Department of Community Health. | Strategic Planning |



3. **LESCOR Approvals.** All Contracts must be approved electronically in LESCOR by the Direct Supervisor of the Requestor and, in some instances, additional approvals are required depending on the Annual Contract Cost (see Table 2 below). LESCOR will automatically route Contract review requests to the Required Approvers based on the Annual Contract Cost and the cost center selected. Until all Required Approvers approve the Contract in LESCOR, the Contract will be held in “Pending” status, which means that the Contract is not ready for review by Legal Services. Legal Services will generally not review a Contract until it has been approved by all Required Approvers in LESCOR. Requestor is solely responsible for reminding the Required Approvers to approve the Contract in LESCOR. Legal Services does not monitor Contracts held in “Pending” status.

| Table 2 – LESCOR Approvals | |
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| Annual Contract Cost | Required Approvers |
| Less than or equal to \$50,000 | Requestor Direct Supervisor |
| Greater than \$50,000 but less than or equal to \$250,000 | Requestor Direct Supervisor Northside System VP or Campus CEO |
| Greater than \$250,000 but less than or equal to \$500,000 | Requestor Northside System VP or Campus CEO Financial Planning and Analysis Northside System Controller |
| Greater than \$500,000 | Requestor Northside System VP or Campus CEO Financial Planning and Analysis Northside System CFO |

4. **Legal Review.** Once the Contract has been approved by the Required Approvers as described in Section 3 above, LESCOR automatically routes the Contract to Legal Services for review. Generally, Legal Services reviews Contracts in the order in which they are received, but there are exceptions. Due to high volume across the Northside system, in most cases two weeks are needed for Legal Services to review and provide an initial revised draft of the Contract, but additional time may be required due to circumstances outside of the control of Legal Services. Accordingly, Requestors should submit Contracts to Legal Services reasonably in advance of any contract deadlines. Legal Services will not expedite a review unless Requestor provides a valid justification at the time of submitting the request or afterwards. Requestor will cooperate with Legal Services during the Contract review process and will promptly provide Legal Services with any requested information. Legal Services will either submit Contract revisions to Requestor or to the other contracting party directly and copy Requestor. Requestor is expected to serve as the liaison between Legal Services and the other contracting party throughout the Contract negotiation process.



5. **Authorized Signatories.** Only Authorized Signatories may sign Contracts on behalf of Northside as reflected in Table 3 below. Individuals who are not Authorized Signatories with respect to the applicable Contract are not authorized to obligate or bind Northside to any Contract. Requestor will be responsible for obtaining all signatures once Legal Services has reviewed and approved the Contract. Unless otherwise agreed by Legal Services, the other contracting party must sign approved Contracts first before the Authorized Signatories sign. Signatures should either be by hand or signed electronically in a digitally verifiable manner (for example, DocuSign). The following signatures are required:

| Table 3 – Authorized Signatories | |
|--|--|
| Annual Contract Cost | Authorized Signatories |
| Less than or equal to \$50,000 | Requestor Direct Supervisor |
| Greater than \$50,000 but less than or equal to \$250,000 | Direct Supervisor Northside System VP or Campus CEO |
| Greater than \$250,000 but less than or equal to \$500,000 | Northside System VP or Campus CEO Northside System Controller |
| Greater than \$500,000 | Northside System VP or Campus CEO Northside System CFO |

6. **Contract Library.** Requestor is responsible for emailing a copy of the fully executed Contract (i.e., Contract signed by the Authorized Signatories and the other contracting party) to Gina Chapman in Legal Services (gina.chapman@northside.com). Before emailing the Contract to Legal Services, Requestor should ensure that all blanks are completed, that the Contract is signed by all parties including the non-Northside party, and that all Contract attachments are included. Legal Services will not accept copies of Contracts that are not signed by both the Authorized Signatories and the other contracting party. Legal Services will upload the signed Contract into Northside’s SharePoint contract library. If you need a copy of an executed Contract, please contact Gina Chapman.

7. **Payments.** Failure to comply with this Policy may result in delays or refusal by Northside to make payments.

ADDITIONAL REQUIREMENTS:

8. Prior to submitting a Contract through LESCOR with a new vendor that requires a purchase order, Northside Supply Chain Management Atlanta (“NSCMA”) must evaluate and approve the new vendor. Please contact NSCMA for more information about the new vendor approval process. Vendor selection may be subject to competitive bidding in the discretion of NSCMA. Northside’s standard terms and conditions should be attached to any Requests for Proposals (“RFPs”), and language should be included in all RFPs that is substantially similar to the following: “Northside Hospital’s standard terms and conditions are attached to this RFP. RFP responses which do not state that these terms have been reviewed and accepted may not be considered.”

9. Prior to submitting a Contract through LESCOR with a new vendor that does not require a purchase order, Northside’s Accounts Payable department must evaluate and approve of the new vendor. Please contact Northside’s Accounts Payable department for more information about the new vendor approval process.

10. Before uploading the initial Contract in LESCOR or submitting a redlined Contract to Legal Services for review, Requestor must read the Contract and its attachments (if any) in their entirety, paying particular attention to the business terms of the Contract.



Legal Services is not responsible for negotiating business terms of a Contract. It is the responsibility of Requestor to review the business terms of the Contract and discuss with Legal Services any business terms that should be negotiated. Requestor is assumed to be in agreement with any business terms unless Requester otherwise notes in LESCOR or discusses such business terms with the attorney assigned to review the Contract.

11. Requestor must refrain from disclosing any comments by Legal Services to any other contracting party except where expressly permitted by Legal Services. These comments are privileged and, if disclosed, could destroy the privilege and undermine Northside's bargaining power. This includes comments added to the Contract for internal review as well as emails containing comments by Legal Services.

12. Should the other contracting party not fulfill the expectations set forth in an executed Contract, Requestor should promptly contact Legal Services for assistance. Failure to do so may negatively impact Northside's ability to address vendor performance issues.