

**SUMMARY:**

This Policy:

- Requires a written agreement for all transactions with outside parties
- Requires that all Contracts are budgeted and negotiated by legal counsel for Northside prior to signing
- Mandates the use of an electronic contract requisition system for Covered Contracts
- 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:

- (1) **“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.
- (2) **“Authorized Signatory(ies)”** means Northside employees who are authorized to sign Contracts as described in this Policy.
- (3) **“Campus CEO”** means the Chief Executive Officer of Northside Forsyth, Northside Cherokee, Northside Duluth, and Northside Lawrenceville.
- (4) **“Contract(s)”** means Covered Contracts and Non-Covered Contracts.
- (5) **“Covered Contract(s)”** means all contractual agreements between Northside and any third-party that impose obligations (financial or otherwise) of any kind upon Northside except Non-Covered Contracts (as defined below). For example, Contracts subject to this Policy 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, and offers and acceptances.
- (6) **“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. “Direct Supervisor” does not refer to a supervisor-level employment position.
- (7) **“LESCOR”** (short for “Legal Services Contract Review”) means Northside’s web-based contract requisition and approval application.
- (8) **“Non-Covered Contract(s)”** means contracts which are not required to be sent through LESCOR including contracts involving real property (including construction and development contracts and property leases), employment agreements, clinical research agreements, managed care contracts, physician service agreements, and insurance contracts.
- (9) **“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.

- (10) **“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.
- (11) **“Requestor(s)”** means Northside Managers, Directors, and Vice Presidents.
- (12) **“Required Approver(s)”** means those individuals authorized to approve Covered 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. 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”. Examples of documents which are considered Contracts subject to this policy include: proposals, quotations, NDAs, SOWs, letters of understanding, memoranda, offers, 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 Covered Contracts must be submitted for appropriate approvals through the LESCOR application located on the Northside Intranet. Only Requestors as defined above are authorized to use LESCOR. Covered Contracts sent by email or by any other manner to Legal Services will not be reviewed. Requests for Legal Services to draft a Contract should be communicated to Legal Services by phone or email and should not be submitted using LESCOR. Requestors must complete all required fields in LESCOR. LESCOR will not process Covered Contract review requests that do not include all required information. Non-Covered Contracts must be reviewed by Legal Services or outside counsel as directed by Legal Services. Non-Covered Contracts should be emailed (not submitted through LESCOR) to Legal Services or the appropriate Northside department.

Please observe the following when using LESCOR:

- Before submitting a Covered Contract, please ensure that the Covered Contract is the correct version and that all documents referenced in the Covered Contract are included in LESCOR within the same submission (for example, all of the exhibits and any hyperlinked terms should be attached to the initial LESCOR upload). If the Covered Contract references another contract (for example, a master agreement), please submit a copy of the other contract signed by Northside and the other party within the same submission. Failure to comply may increase review times.
  - To reduce delays in reviewing Covered Contracts, please obtain and submit an editable (unlocked) Word version of the Covered Contract from the other contracting party.
  - Please do not submit anything other than the original Covered Contract documents and supporting materials in LESCOR. Submitting redlined or negotiated drafts in LESCOR will create another entry in LESCOR and may increase review times. Redlined or negotiated drafts should be emailed directly to Legal Services.
- (2) Collateral Pre-Approvals. In many cases, the Contract may implicate other Northside departments or otherwise require additional pre-approvals. Before submitting a Covered Contract in LESCOR or a Non-Covered Contract by email, 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. Requestor is also required to consult with other departments not listed in Table 1 that may be impacted by the Contract before submitting the Covered Contract through LESCOR or the Non-Covered Contract by email and disclose to Legal Services any concerns of those departments.

<b>Table 1 – Collateral Pre-Approvals</b>	
<b>Condition</b>	<b>Department</b>
If the expenditure is not already approved in the current operating or capital budget.	Financial Planning and Analysis
If the Contract involves connection to any Northside computer equipment or networks, including Wi-Fi, or involves computer technology or software, including software as a service.  -OR-  If the Contract involves vendor access to or use or disclosure of Protected Health Information.	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
If the Contract is for the purchase or lease of equipment, supplies, or software.	Northside Supply Chain Management - Atlanta
Does the Contract include a lease of assets (property or equipment)? A lease generally occurs when Northside makes periodic payments for the use (as opposed to ownership) of an asset for a specific period of time. 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.	Northside Accounting

- (3) LESCOR Approvals. All Covered 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 Covered Contract review requests to the Required Approvers based on the annual contract cost and the cost center selected. Until all Required Approvers approve the Covered Contract in LESCOR, the Covered Contract will be held in “Pending” status which means that the Covered Contract is not ready for review by Legal Services. Legal Services will generally not review a Covered Contract until it has been approved by all Required Approvers. Requestor is solely responsible for reminding the Required Approvers to approve the Covered Contract in LESCOR.

<b>Table 2 – LESCOR Approvals</b>	
<b>Annual Contract Cost</b>	<b>Required Approvers<sup>1</sup></b>
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	Requestor Direct Supervisor Northside System CFO or Northside System Controller

- (4) Legal Review. Once the Covered Contract has been approved by the required approvers as described in Section 3 above, LESCOR automatically routes the Covered 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 to review and revise a Contract (excluding time required to negotiate terms and conditions with the other contracting party). 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:

<b>Table 3 – Authorized Signatories</b>	
<b>Annual Contract Cost</b>	<b>Authorized Signatories</b>
Less than or equal to \$50,000	Requestor Direct Supervisor

<sup>1</sup> In LESCOR, Required Approvers are referred to as “Ops 1”, “Ops 2”, “Ops 3”, etc. depending on their position within the organization.

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	Requestor Direct Supervisor Northside System CFO

- (6) Contract Library. Requestor is responsible for emailing a copy of the Contract signed by the Authorized Signatories and the other contracting party to Deborah Cox in Legal Services (deborah.cox@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 which are not signed by both the Authorized Signatories and the other contracting party. Legal Services will upload the signed Contract into Northside's web-based contract library (currently Meditract). Generally, Requestors are permitted to view Contracts within their approved cost centers on Meditract. If you have any issues accessing Meditract, please contact Deborah Cox in Legal Services (deborah.cox@northside.com).
- (7) Payments. Failure to comply with this Policy may result in delays or refusal by Northside to make payments.

ADDITIONAL REQUIREMENTS:

- (1) 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 which 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."
- (2) 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.
- (3) Before submitting a Covered Contract in LESCOR or emailing a non-Covered Contract, 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 which should be negotiated. Requestor is assumed to be in agreement with any business terms unless otherwise noted in LESCOR.
- (4) 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 as well as emails containing comments by Legal Services.
- (5) Should the other contracting party not fulfill the expectations set forth in the Contract, Requestor should contact Legal Services for assistance prior to paying the other contracting party.

## References

Reference Type	Title		Notes
Effective	03/05/2020	Document Owner	Butler, Catherine
Original Effective Date	03/05/2020		
Revised	[03/05/2020 Rev. 0]		

*The policies and procedures in this manual are guidelines only. They are not intended to reflect the legal standard of care. They are not a substitute for professional judgment or individualized care.*

*This policy contains confidential and proprietary business information that reflects Northside Hospital's business practices and models which it has developed over time. The disclosure of this information would cause significant harm to Northside Hospital's business interests. Therefore, this policy must be maintained in a strictly confidential manner and should not be disclosed or disseminated to third parties without the express written authorization of Northside Hospital administration.*

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