

		Policy Number: AG-005
Subject:	CONTRACT NEGOTIATION AND CONTROL	
Section:	ADMINISTRATIVE GENERAL	
Effective Date: 01/01/04	Review Date: 03/31/2015	
	Revision Date:	
<input type="checkbox"/> New Policy	<input type="checkbox"/> Supersedes Policy Dated:	
Issued by: HR Administrator	Concurred with or Approved by: Jim Burns, Director	
Distribution:	All Employees of Family Focus	
Cross Reference	FS005 Authorization Levels, Purchases and Payments	

PURPOSE

To establish a uniform method for monitoring and controlling the negotiation and performance of contracts executed by Family Focus, Inc. and related entities; and to establish a uniform method for protecting the privacy of client information at FAMILY FOCUS, INC. in the establishment of required contracts.

GENERAL INFORMATION

There are a number of circumstances under which a contract or formal agreement should be executed:

1. Arrangements with vendors that involve a continuing commitment over an extended period of time (normally six months or more).
2. Construction and/or remodeling projects involving an expenditure of \$5,000 or more.
3. Purchase or leasing of complex equipment or machinery, the terms of which cannot be adequately prescribed in a purchase order.
4. Provision of specific services to a defined population for a specified period of time at a pre-determined rate of reimbursement
5. Other transactions or relationships in which the interest of FAMILY FOCUS, INC. and its subsidiaries need to be protected by careful delineation of responsibility.
6. Provision of services by a business associate of FAMILY FOCUS, INC. who receives, creates, or discloses protected client information in the course of providing such services. (See attached business associate agreement decision tree.)

Terms of these contracts need to be carefully reviewed to ascertain whether the position of FAMILY FOCUS, INC. and/or its subsidiaries is represented appropriately. Insurance, liability, and responsibility should all be reviewed in contracts.

PROCEDURE

1. When such contracts or agreements are executed, necessary approvals should be obtained in accordance with Administrative Policy FS-005, Authority Levels.
2. Persons negotiating contracts include the following in their considerations:
 - A. The relationship between FAMILY FOCUS, INC. and the parties to the contract need to be evaluated and if a business associate relationship exists, one of the following must be in place:
 - i. FAMILY FOCUS, INC. business associate addendum – completed and signed by both parties to the contract OR
 - ii. FAMILY FOCUS, INC. business associate checklist completed if the contract already contains business associate provisions.

- iii. If the business associate checklist is used then all items as listed on the business associate checklist must be present in the contract before the FAMILY FOCUS, INC. representative signs the contract.

If all items are not present, the FAMILY FOCUS, INC. representative negotiating the contract is responsible to ask for these additional items to be added to the contract. The FAMILY FOCUS, INC. representative negotiating the contract is not to sign the contract until all items from the business associate checklist are present in the contract.

- iv. The Family Focus Accountant will be responsible for filing and tracking the business associate addendums and the business associate agreement checklists with the contracts.
- B. Terms of payment should minimize effect on FAMILY FOCUS, INC. cash flow. The most favorable terms should be obtained, with delayed payment of all or part of the fees when appropriate.
- C. When the contract will require an expenditure of \$15,000 or more, terms of payment should be discussed in advance with the Executive Director, or the FAMILY FOCUS, INC.
- D. When the contract will require a minimum expenditure of \$5,000 or whenever prudent competitive quotes should be obtained whenever practical.
- E. When the contract involves acquisition of equipment with a purchase price of \$10,000 or more, the proposed purchase should be reviewed with the appropriate executive before placement of order.
- F. When the contract or service agreements require utilization of non-FAMILY FOCUS, INC. personnel, certificates of insurance will be obtained. Coverage will be reviewed prior to completing contract if not specified in the contract. For all service contracts FAMILY FOCUS, INC. or its subsidiary must not only have certificate of insurance, but also a clause to assure that FAMILY FOCUS, INC. or its subsidiary is notified of any changes in coverage. This insurance certificate will be filed in the FAMILY FOCUS, INC. Accounting office with the contract.
- G. Hold harmless clauses should be carefully reviewed and eliminated from each contract whenever practical.
- H. Prior to the expiration of warranties on equipment, the using department should forward a recommendation to the FAMILY FOCUS, INC. Executive Director with respect to whether a service contract is advisable.
- I. Negotiation and renewal of service contracts is the responsibility of the using department but must be approved in advance as follows:

<u>Category</u>	<u>Department Providing Approval</u>
Clinical Equipment	FAMILY FOCUS, INC. Executive Director
Other than Computers	
Computers and Computer-Related Equipment	FAMILY FOCUS, INC. Executive Director
Copying and Print Shop Equipment	FAMILY FOCUS, INC. Executive Director
All Other Equipment and Systems	FAMILY FOCUS, INC. Executive Director

The following should be supplied with each service agreement negotiated:

- A. Specification of preventive maintenance intervals and copies of all preventive maintenance procedures provided (provide to FAMILY FOCUS, INC. component responsible for these procedures)
- B. Certificate of Insurance
- C. Expiration date specified
- J. All contracts should also include the following clause:
 - (1) The contractor agrees that all of its employees or representatives who may be on FAMILY FOCUS, INC. premises will comply with all applicable policies of FAMILY FOCUS, INC. and its subsidiaries, including those providing for a drug-free work place and a smoke-free environment. Copies of these policies are available on request.
 - (2) The contractor further agrees to indemnify FAMILY FOCUS, INC. and its subsidiaries against any claims against it, which might arise as a result of contractor's failure to comply with the Americans with Disabilities Act and other applicable federal or state legislation or regulations.

- K. All contracts should include the disclosure of potential conflicts of interest between the parties or organizations involved in the agreement. These conflicts should be brought to the attention of the FAMILY FOCUS, INC. Executive Director prior to the finalization of the agreement.
 - L. All individual personal service agreements should include a completed checklist of Corporate Compliance issues indicating the assessment of the agreement against these concerns. This checklist should be obtained through the FAMILY FOCUS, INC. HR Administrator.
3. Once executed, contract documents will be distributed as follows:
Original – Administrative Files
FAMILY FOCUS, INC. – Office of the Executive Director
Copies – HR Administrator
4. The FAMILY FOCUS, INC. Executive Director will maintain master indices of contract documents categorized by renewal date and flagged for review 60 days prior to date of notice of renewal.