

Title: Contracts	Policy Number: POL 130.004
Reference(s): Division of Responsibilities Res. 19-20 POL 130.002 – Purchasing POL 100.002 – Electronic signature	Effective Date: Supersedes:
Approved By: _____	Revised Date:

PURPOSE:

To ensure contracts by the Snohomish Health District (District) undergo standardized review and approval prior to execution and to ensure effective maintenance and monitoring for the duration of the contract.

PHILOSOPHY:

The District strives for transparency in its dealings. By maintaining a well-organized contract management system, we are able to exhibit that transparency as well as provide clear accountability. An efficient contract management system ensures compliance with applicable laws, regulations, and rules governing contracting and further helps to safeguard District resources.

DEFINITIONS:

Amendments: Additions, deletions, or changes to an existing legal document beyond extending the time-period.

Budget approver: The role ultimately responsible for the budget of a program or project. This role is generally performed by the administrative officer, deputy administrative officer, director, assistant director, or manager.

Contract: A legally binding agreement between the District and a third party. Contracting covers a broad range of agreement types, including, but not limited to, expenditure contracts, revenue contracts, and collaborative agreements.

Extension: Increase in the time period of an existing legal document with all other terms and conditions remaining unchanged.

Contractor: Individual, agency, or business outside the District that provides good and/or performs a service for the District. A contractor relationship exists when the District has the right to control only the result of the service, not the manner of performance. A contractor will comply with all employer/corporate federal, state, and local laws, rules and regulations governing the operation of a business in Washington State.

Solicitation: A process through which the District requests bids, quotes, or proposals. Solicitations can take the following forms: request for bids (RFB), request for proposals (RFP), request for qualifications (RFQ), and request for qualifications and quote (RFQQ).

Standard contract language: Standardized non-negotiated contract conditions approved by the District’s legal counsel.

POLICY:

Contracting is the system and policies used to create, review, and approve formal agreements between the District and one or more outside party. Contracting covers a broad range of agreement types, including, but not

limited to, expenditure contracts, revenue contracts, collaborative agreements, and memorandums of understanding.

A. CONTRACTING REQUIREMENTS

1. General

- a. A contract may be required if any of the following statements is true:
 - i. A potential risk is identified in the exchange of services or goods with an outside party.
 - ii. A vendor includes terms and conditions on a quote, proposal, estimate, or invoice for the purchase of services or goods.
 - iii. Services are provided by or on behalf of the District.
 - iv. The District is receiving money, goods, or services from a contractor.
 - v. The District enters into an understanding or collaborative partnership.
- b. Contract templates and standard contract language should be established and used when no more than three years has passed since the template was either created or last reviewed.
- c. Each contract will be reviewed and assessed for level of risk (loss and liability) using a risk assessment worksheet. Contracts will be referred to legal counsel based on the results of the assessment.
- d. Contracts with direct access to protected health information will be reviewed by the Privacy Officer for compliance with the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act of 2009.
- e. An electronic management system is to be used for the secure access, tracking, and maintenance of contracts.
- f. It is the best practice for the initial term or any subsequent extension of a contractual agreement to not exceed three years. However, there are specific circumstances that should be taken into consideration when deciding whether to approve a longer contract duration. Examples of these circumstances include:
 - i. Agreements where a shorter duration would be impractical, such as a lease agreement.
 - ii. Inflexibility of the other party to shorten the duration to three years.
 - iii. Additional benefit to the District, such as a discounted price.
- g. Approval by the Administrative Officer, or their designee, is required to extend beyond the three-year term.

2. Expenditure and Revenue Contracts

- a. Contracts that involve an exchange of money, goods, or services must be:
 - i. In compliance with POL 103.002 – Purchasing.
 - ii. Reviewed and approved by the Finance Manager or their designee to ensure that obligated funds are available and in alignment with applicable financial policies; and
 - iii. Fully executed before any such exchange takes place.

3. Federal Requirements

- a. Contracts utilizing federal funds shall:
 - i. Be in compliance with 2 CFR 200.317-200.327.
 - ii. Be reviewed to determine whether the other party should be classified as a subrecipient or contractor using a determination tool.
 - iii. Contain requirements, as applicable, listed in Appendix II to Part 200(A) of 2 CFR.

B. AUTHORIZED SIGNATURES

1. Contracts are approved according to the Division of Responsibilities as set forth by the Board of Health.
2. All contracts shall be signed by the Administrative Officer or their designee.
3. Contract must be signed by an authorized signatory representative from each party
4. Electronic signatures are an acceptable form of signature provided that:
 - a. It is in compliance with POL 100.002 - Electronic Signature

- b. Content is protected from unauthorized access throughout the entire business process.
- c. Signer shows clear intent to sign (e.g. multiple steps to accept/sign).
- d. There exists the ability to confirm the document truly comes from the signer.
- e. There exists the ability to detect unintentional or malicious alterations.

C. CONTRACT MANAGEMENT

1. Contract Management work occurs after a contract has become fully executed and taken effect. Tasking includes, but is not limited to, ensuring terms and conditions are adhered to and all contractual obligations are satisfactorily met.
2. Monitoring
 - a. Budget approvers will receive notification four months in advance of the contract expiration date for potential renewal or termination. They are responsible for taking any required actions needed, such as extending the duration.
 - b. For contracts with regular increase of fees an annual report detailing these increases will be provided to Directors, Assistant Directors, and Finance Manager.
 - c. Contracts with no end date will undergo the review process three years from the effective start date and every three years thereafter.
3. Contract Modification – Amendments and Extensions
 - a. Changes may be requested by any party to the contract.
 - b. Amendments and extensions must be signed by both parties prior to being in effect in alignment with Section B. Additionally, if the value of an amendment or amendments, whether singly or cumulatively, exceeds the threshold of the current approving authority, the amendment must be approved by the appropriate management level based on cumulative contract value prior to the proposed starting date of services under the amendment.
 - c. Changes or amendments associated with terms and conditions unrelated to the cost or value of the original contract or scope of work must be reviewed and assessed for level of risk (loss and liability) using a risk assessment worksheet. Contracts will be referred to legal counsel based on the results of the assessment.
 - d. Substantial changes in the scope of work must be forwarded to the impacted programming Director or Manager to determine whether the change warrants a new contract.
4. Records Management
 - a. The following contracting documents will be maintained in accordance with Washington State Government General Records Retention Schedule and District retention policies and practices:
 - i. Original signed contract.
 - ii. Additional supplemental agreements, such as amendments, extensions, etc.
 - iii. Documentation of the internal approval process (contract file or procurement file).