

# Grants, Clinical Trials and Contracts

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Departments work with Grants and Contracts to conduct research, earn revenue or make expenditures. When a Department enters into a contract, it will generally either receive services from or provide services to a variety of outside entities, including federal, state and private institutions. This Chapter offers essential information and guidance about Contracts in a variety of settings, including contracts for grants or clinical trials, divided in several sections that cover multiple aspects/facets of the Business Manager's role in this area.

This Chapter starts with basic Definitions, the subsequent section describes step-by-step the Contracts Process with emphasis on Business Manager's duties and obligations throughout this process, established rules and procedures, deadlines, Contract Database features (hereinafter referred to as "Contract DB" or "DB"), School of Medicine ("SOM") and institutional taxation and overhead structure, monitoring, invoicing and supporting documentation. It is followed by a section detailing the Main Types of LSUHSC Contracts, Contract Routing Procedures and finally by a list of useful tips on How to Review a Contract and effectively protect the interests of LSUHSC, the SOM, and each Department.

## **I. DEFINITIONS**

**Sponsored Projects** - Sponsored Projects are services/programs/activities underwritten by an external organization. Sponsored Projects are types of awards that are supportive in character, given for a specific purpose, and permit the recipient considerable latitude in determining what is to be done, for whom, when, how much, and within limits at what cost. Awards can be financial or non financial assistance and such assistance is given by the sponsoring agency in accordance with the sponsoring agency's overall role, scope and mission, and is intended to fulfill a general purpose identified by the sponsoring agency. In return, the grantee agrees to carry out certain program goals and objectives in direct fulfillment of receipt of the grant or sponsored project.

The funding of a sponsored project may take many forms such as Grants, Sub-recipient Agreements, Interagency Agreements, Intra-agency Agreements, Cooperative Endeavors, Federal Cooperative Agreements, Memoranda of Understanding, Contracts, Clinical Trials, and Research Agreements.

**Grants** - A Grant is an award for assistance in addressing a particular need. The assistance may take the form of transferring funds, property, or services. Service grants are awarded to provide a specific product with expected outcomes, which are delineated in a written proposal. The sponsor of a grant is called the *grantor*, and the recipient of the grant is called the *grantee*. Grants are awarded to institutions, organizations, or individuals to provide services, to conduct research, or for educational purposes. A grant may be competing or non-competing and may result from a new proposal or a continuation proposal. Research can be funded by various federal or state agencies or foundations through a grant or cooperative agreement. The investigator writes a proposal that outlines questions and experiments and is submitted to the potential sponsor for

funding consideration. While grants fund specific proposed research projects, the investigator has considerable latitude in the experiments they perform. On the other hand, a cooperative agreement usually has greater restrictions and often requires specific deliverables in order to fulfill the agreement. The LSUHSC Office of Research Services is available on: <http://www.lsuhs.edu/no/administration/rs/default.htm>

A Federal Grant is an award of financial assistance from a federal agency to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States. More than 1,000 grant programs are offered by the 26 federal grant making agencies and these programs fall into 21 categories.

A Federal Cooperative Agreement is similar to a grant in the assistance that is provided but differs in the extent to which the sponsor is involved. In a Cooperative Agreement, the sponsor may become substantially involved in the sponsored project.

A Research Agreement is funded by federal, state, and private companies based on the particular contract. The contract specifies the obligations of the institution and Principal Investigator (PI) through a work plan. These projects may be developed by a company.

**Clinical Trials** - A clinical trial is a biomedical or health-related research study conducted on human beings that follows a pre-defined protocol. These studies test drugs, devices, or other biological compounds for their effectiveness in treating medical conditions. Interventional studies are those in which the research subjects are assigned by the investigator to a treatment or other intervention, and their outcomes are measured. Observational studies are those in which individuals are observed and their outcomes are measured by the investigators. Clinical trials are often sponsored by pharmaceutical companies through a contract called a Clinical Trial Agreement (CTA) or can be funded by a federal agency, or a foundation through a grant award or cooperative agreement. The LSUHSC Office of Research Services provides assistance in the preparation of Institutional Review Board (IRB) forms which provide oversight for the protection of human subjects used in research and for budget preparations. The LSUHSC Office of Research Service is available on: <http://www.lsuhs.edu/no/administration/rs/default.htm>

**Contracts** - A Contract is a written legal agreement, enforceable by laws and signed by two or more parties for the fulfillment of expressed obligations which include services to be provided, time periods, terms of payment, and other terms and conditions as are appropriate and which are mutually agreed upon. The State of Louisiana has certain specific requirements for contracts; LSUHSC, a state agency, has some additional requirements. These requirements vary by type and dollar amount of the agreement.

**Institutional Overhead/Tax** – Amount assessed on a contract by LSUHSC Central Administration, the SOM Dean's Office, or the Department to cover administrative or other costs not directly covered by the contract. No overhead/tax is allowed for the SOM or Departments in contracts with other state agencies; Central Administration overhead is allowed only if and to the extent provided for in the contract.

**Income Distribution Sheet** (IDS, also referred to as Internal Budget Sheet) - Document created for internal use only indicating how the revenue from a contract is intended to be spent. This document is also used for determining the amounts of “overhead/taxes” taken for LSUHSC Central Administration, the Dean’s Office, and the Department.

**Fair Market Value Sheet** (FMV Sheet) - Used to determine the FMV of the physician or professional whom LSUHSC is employing to provide services. LSUHSC must obtain at or near FMV for the services provided or provide an acceptable justification. This point is further elaborated upon later in this chapter.

**AAMC** - Association of American Medical Colleges (AAMC) is a member organization comprised of Medical Colleges throughout the United States. The AAMC provides a number of functions including conducting physician compensation surveys. The results of these surveys are shared with the participants and are employed to complete FMV Sheets as an objective benchmark for salary levels.

**MGMA** – Medical Group Management Association (MGMA) is a member organization comprised of both public and private medical providers. The MGMA provides a number of functions including conducting physician compensation surveys. The results of these surveys are shared with the participants and are employed to complete FMV Sheets as an objective benchmark for salary levels.

**Stark Statute vs. Anti-kickback Statute** - These statutes exist in separate sections of the Social Security Act. Both statutes address many of the same issues, but in different ways. Under both statutes, it is not the financial relationship (i.e., investment in an entity) that causes **the problem**, it is **the financial relationship combined with the referral**.

- **The Stark Statute** pertains only to physician referrals under Medicare and Medicaid ("physicians" includes chiropractors and dentists but not midlevel providers, such as nurse practitioners and physician assistants); it does not require bad intent (i.e., a tainted financial relationship violates the Stark law regardless of good intentions); Stark is a prohibition of referrals that can only be overcome by complying explicitly with one of the exceptions defining the boundaries of permissible behavior. A Stark violation is punishable by civil money penalties.
- **The Anti-Kickback Statute** is far broader and affects anyone engaging in business with a federal health care program; it requires a specific intent; the statute’s "safe harbor" regulations describe transactions that may tend to induce referrals but don't necessarily violate the law (the safe harbor regulations state clearly that transactions that don't meet a safe harbor don't necessarily violate the statute); a prosecutor will evaluate the facts and circumstances to make that determination. An anti-kickback violation is punishable by exclusion from federal health care programs, criminal penalties of up to \$25,000 in fines or up to five years in jail (or both) and a \$50,000 civil money penalty for each violation. A violation of this statute would force LSUHSC to terminate virtually every contract for breach of contract, since contracts

require that institutions must not be in violation of any federal purchasing or funding Acts.

- In every situation where the Stark statute applies, the anti-kickback statute applies too. If you survive the Stark analysis, you should conduct an anti-kickback analysis; if you don't survive the Stark analysis, an anti-kickback analysis is irrelevant because you shouldn't proceed with the transaction at all.

**HIPAA** - Health Insurance Portability and Accountability Act (HIPAA) is a federal legislation with several provisions. The Act provides protection to employees who lose their jobs with respect to health insurance and provides standards for the creation of Electronic Health Records. But HIPAA is best known for the protections it creates for consumers with respect to the privacy of their medical records. If an agreement is made with another agency for services at that agency, a Business Associates Addendum or Business Associates Agreement may be required to ensure the maximum security of the protected health information.

**OCR** – The Office of Contractual Review (OCR) is a section within the Division of Administration of the State of Louisiana, charged by law with adopting rules and regulations for the procurement, management, control and disposition of all professional, personal, consulting, and social services contracts required by state agencies. The Office of Contractual Review decides all matters of policy relative to professional, personal, consulting, and social services contracts.

The contracts received at OCR are reviewed to ensure that

- They comply with all laws and regulations, and
- Funding is available, and
- The proposed services are reasonable and advisable.

Detailed information as well as documents and templates are available at the official OCR website at <http://www.doa.state.la.us/ocr/index.htm> .

**ACGME** - Accreditation Council for Graduate Medical Education (ACGME) is responsible for the Accreditation of post-MD medical training programs within the United States. Accreditation is accomplished through a peer review process and is based upon established standards and guidelines.

**VCAF** – Vice Chancellor for Administration and Finance (VCAF) at LSUHSC reports directly to the Chancellor of LSU Health Sciences Center. The Chancellor delegates nearly all responsibility regarding the review and approval of contracts to the holder of this position. LSUHSC Legal Counsel is a part of the VCAF office; the legal section reviews contracts and issues any official legal positions on behalf of LSUHSC.

**U-Drive** – Common area on the LSUHSC network for the School of Medicine to place shared templates, documents, and reports. Note: the letter assignment for network drives

is somewhat arbitrary and different individuals may have different letters for the same drive.

**Authorized Representative** – The individual authorized to sign contracts for an entity. Departments and the Dean's Office do not have authority to obligate LSUHSC by themselves. Contracts must be approved by the Chancellor or VCAF as the authorized representative to commit LSUHSC to contract obligation.

## **II. GRANTS/CLINICAL TRIALS AND CONTRACTS PROCESS - THE BUSINESS MANAGER'S ROLE**

The Department's detailed duties pertaining to grants and clinical trials can be obtained from the LSUHSC Office of Research web site. The Business Manager is not expected to be an expert on every detail of contract creation and execution, but he or she is expected to understand the rules and established LSUHSC procedures and work with the SOM Dean's Office, section of Contract Management, to provide all necessary data and assistance throughout the entire contract process in a timely and accurate manner. Generally, it is the Business Manager's responsibility to initiate contracts, to follow the drafting and execution process and to monitor all contracts following their execution.

The Business Manager's duties pertaining to grants, clinical trials, and contracts are summarized below.

### **A. GRANTS AND CLINICAL TRIALS**

#### **1) Pre Award:**

- Assist the Principle Investigator (PI) in preparation and routing of the grant documents for institutional approval;
- Preparation of budgets to include direct costs and appropriate indirect costs;
- If equipment purchases are covered in the grant, need to ensure research area contains adequate wiring, plumbing or any modifications required by that particular piece of equipment.

#### **2) Post Award:**

- Sponsored Projects will email the Business Manager an account number; if a week has passed since approval and the account number has not been received contact Sponsored Projects;
- Assign effort through Per 3's;
- Prepare subcontracts as appropriate to grant spending;
- Establish account numbers for use in Auxiliary Enterprises;
- Manage accounts to ensure proper utilization of funds and resources according to rules and regulations of sponsoring agency (may be more stringent than LSUHSC policy and procedure);
- Track cost shared activities;
- Prepare budget modifications as needed, including any subcontract amendments that a budget change may require;
- Prepare cost transfers as needed for items moved outside of the 90 day window;
- Prepare grant extensions as needed;
- Ensure that time and effort reports reflect the effort expended on project and that effort matches what is reflected in HR/Accounting system;

- Review reports prepared by Sponsored Projects as stipulated in grant award documents;
- Speak about providing deliverables on Federal Grants.

### **3) Sponsored Projects:**

- Review accounts and provide documentation of deliverables as stipulated in award documents;
- Review and assist PI in the appropriate distribution of shared laboratory resources;
- Review and assist PI in the review of FSR and other documents prepared by Sponsored Projects for granting agencies.

### **4) The LSUHSC Office of Research:**

- Visit <http://www.lsuhs.edu/no/administration/rs/default.htm> for assistance.

## **B. CONTRACTS**

### **1) Negotiation, Contract Development and Communication with Other Agencies:**

The Business Manager is responsible for **initiating the internal contract process** and **preparing all contracts for execution**, although the contract may be developed, negotiated (partially or in full), or “instigated” by faculty, or other Department members. To do this, the Business Manager must have a working knowledge of LSUHSC rules and regulations pertaining to contracts, as well as of those of the other agency (federal, state or private.)

Every step of the contract process is recorded in the **Contract DB**. A separate DB entry is created for each contract during an early stage of contract negotiations (see subsection 2 et. seq. below for details). The DB Transaction Log allows the Business Manager (or a designated person responsible for contract processing) to maintain a detailed record of all documents, actions or communications pertaining to each contract and to monitor the progress and compliance with LSUHSC rules, policies and procedures and with the required timeline (see below).

The contract development process also includes budget preparation and an adequate description of the scope of services, as well as obtaining or generating any **supporting documentation** required for execution of agreements such as internal income distribution and fair market value assessment. All such related or supplemental documentation can be stored in a special designated folder on U-Drive linked directly to each Contract DB entry.

The Business Manager may deal with a wide variety of contracts, including but not limited to the ones listed below (individual types of contracts are discussed in more detail in Section III. below):

- Small dollar value Expenditure Contracts to provide speakers for seminars, conferences and other professional services;
- Large dollar revenue and expenditure Professional Services Contracts for clinical and non-clinical services with private and state agencies that are driven by templates prepared and approved by the LSUHSC Legal Counsel and maintained by the Contract Management; templates could also originate with the other agency (state agency in particular) or, in some cases, with the Office of Contractual Review (OCR);
- Federal Subcontracts:
  - for Federal Grants and other Contracts where LSUHSC is the primary grant recipient (expenditure);
  - for Federal Grants and other Contracts where LSUHSC is the sub recipient (revenue generating);
- Non-Federal Subcontracts;
- Resident Contracts including multidisciplinary and Department-level contracts for each rotation:
  - Affiliation Agreement;
  - Paying Supplements to institutional Affiliation Agreement;
  - Non Paying Supplements to institutional Affiliation Agreement;
  - ACGME Letters of Agreement;
- Resident Supervision Contracts.

***Overhead (OH) and Tax Structure for LSUHSC Revenue Contracts*** – An important part of the Business Manager’s role in the contract development process is the preparation of contract budget to make sure that accurate figures are available during the contract negotiations. Later in the process, the Income Distribution Sheet (IDS), required to be attached to nearly every revenue-generating contract, will show the projected internal allocation of contract revenue. The Institutional/VCAF Overhead is most often charged at the rate is 8% on total Base Expenses. One exception applies to Interim LSU Public Hospital contracts with 9% OH charged on total contract revenue. The School of Medicine (SOM) Taxes include Dean’s Tax and Departmental Tax charged on total Supplemental Salary Revenue. *No SOM Taxes are permitted on Base Expenses or on any state contracts.* Dean’s Tax rate is set at 10.5% while the Departmental rates often vary depending on each particular contract and on business judgment and contract development of a Business Manager.

The following required OH charges have to be considered and, if applicable, included in the contract budget and IDS:

***Resident Training Contracts:***

- Resident Stipend – no OH and/or SOM Tax shall be charges on any stipend contract – no internal Income Distribution Sheet (IDS) is required before routing;
- Resident Supervision – OH and SOM Tax are charged on supervision contracts and shall follow the same rules as set for Professional Services Agreements (see below);

***Professional Services Contracts (Clinical and Non-Clinical) including Medical Directorship:***

- Children’s Hospital Contracts – special rules and exceptions shall apply:
  - Institutional/VCAF OH on Base Salary is not charged subject to a special arrangement applicable to all Children’s Hospital contracts;
  - Dean’s Tax on total Supplemental Salary Revenue is 10.5%;
  - Departmental Tax is only allowed on Supplemental Salary – please, use your **sound business judgment** as guidance when assessing % rate.
- Fixed OH/Tax Contracts – this group shall include the following main types of contracts:
  - Cost Reimbursement Contracts (in the past typically HCSD contracts) – usually do not require submission of internal budget sheet (IDS);
  - Other State Contracts or contracts involving state or federal funds (including e.g. DHH, OPH, OMH, etc.);
  - Contracts with 114 Accounts (PS Chartstring);

***Applicable Rules for Fixed OH/Tax Contracts:***

- All such contracts contain specific provisions allocating contract revenue for specific use and/or purpose. The language can be typically found either in “Billing” section and/or in the attached and incorporated Budget;
  - Always make sure that your IDS, if required, fully complies with the provisions of the contract and the attached Budget;
  - Never charge any OH and/or Tax other than as specifically agreed upon and as provided for in the contract – such arrangement would constitute a violation of state law and regulations and would also be a breach of contract;
  - **Never charge any SOM Tax (Dean’s or Departmental) on any State contract;**
  - Note: When negotiating your cost reimbursement, state or other fixed budget contract, please, always make sure that you keep in mind the OH/Tax you need to redeem. At the same time make sure that you allow ample space for the DHH-approved Fringe Benefit Rate increase over the entire course of the contract term.
- Other Professional Services Contracts – catch all provision:
    - Institutional/VCAF OH is applied in all contracts at the rate of 8% on total Base Expenses;
    - Dean’s Tax is 10.5% of total Supplemental Salary Revenue;
    - Departmental Tax only applies to Supplemental Salary Revenue (never to Base Salary Expenses) – The % rate must be determined using your **sound business judgment**.

## 2) New Contract Submittals:

To ensure new contracts are actively being pursued prior to contract start date, the SOM requires that **Contract Database (DB) entries for new contracts** are generated when a request for a contract is received<sup>1</sup> from the other agency and an agreement in principle<sup>2</sup> is arrived at between the SOM and the other agency. This procedure will assure that as soon as sufficient intent and information is available to the parties, the DB transaction log is available to record ongoing development and/or any contacts between the parties.

The following procedure and rules apply to New Contracts:

- A new ID number is assigned by the Department or the contract processing person and “saved” (not yet “submitted” to Contract Management) into the DB together with all basic information available at the time of the DB entry;
- After the new DB entry is generated, the DB will commence to send a graduated series of **automatic reminders** to the designated person within the SOM initiating the contract; the reminders function according to the anticipated start date of the contract being developed and they are generated at 120 days; 90 days; 75 days; and thereafter weekly, prior to the designated start date;
- Each DB reminder is recorded in the Transaction Log and requires the Department to enter and save a response outlining the action that was taken. An active link is contained with each reminder that leads directly to the DB entry (and Transaction Log);
- The New Contract (in the form of a Contract Request generated by the DB) does not need to be “submitted” to Contract Management for review *at the time of the initial DB entry*. The Contract Request should only be “submitted” to Contract Management when it is developed and the required supplemental documentation is available to support the agreement; however, **all Departments, Business Managers and contract processing staff are always encouraged to contact the Contract Management team at any stage of the contract development process with any questions, concerns, or to request a preliminary review where appropriate;**
- If at any stage of the contract development process the parties decide that it is not sound to proceed with the New Contract any further, the contract processing person shall mark a “NO (Agreement)” box in the DB and provide a brief explanation in the Comments Section describing why the negotiations stopped or the New Contract was withdrawn; at that point the automatic reminders will cease;
- All New Contracts (Contract Requests) should be completed and submitted for review by Contract Management at least **ninety (90) days** prior to their start date in

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<sup>1</sup> Where there is the other agency’s request for a new contract, it is not feasible to document “prior to” such request. If a new contract is initiated by an entity outside the SOM, the SOM would have no way of knowing such a contract was contemplated by the outside entity.

<sup>2</sup> An “agreement in principle” is deemed to be reached when both parties have agreed to provide and/or accept certain services/items for compensation. If the compensation is not final, the agreement in principle is still present, and the development of the contract will include reaching agreement on all necessary elements.

order to allow sufficient time for review of all terms and supporting documents, for any required last minute changes, for approval of exceptions if necessary, and for obtaining signatures from both parties;

- Once submitted, the Contract Management team will respond by either **Acceptance** (prompting the Department to route the contract for signatures; minor corrections could be included in the Acceptance notice) or **Rejection** of the Contract Request (accompanied by comments and revisions that need to be addressed and implemented prior to re-submission of the contract for another round of review);
- Both the Department contract processing person and the Contract Management team are responsible for updating the Transaction Log in the DB periodically to show any progress, communications, status changes or any other developments;
- The goal is for all contracts, including New Contracts, to be fully executed prior to their start date; the automatic reminders will cease as soon as the “FE (Fully Executed)” box in the DB is marked.

***Project Number Requests for New Contracts*** – Originally, Accounting only issued a new account number when a contract was fully executed. More recently, it was prevailing practice to request a project number when the contract was ready to be submitted for signatures. However, the SOM now requires that the project number for a new contract is requested from Accounting Services at the time the contract development has an agreement in principle and the contract is first entered into the Contract Database (DB). Step-by-step procedure for requesting a project number is available at <U:\Public\SOM Policy and Procedure\Account establishment>. It remains the responsibility of Accounting Services to assign project numbers in a timely fashion. The contract processing person is responsible for updating the DB entry as soon as the new project number is assigned and received from Accounting. In addition, the DB will now include two new additional fields requiring the contract processing person to fill in (1) the date the project number was first requested and (2) the date the project number was assigned by Accounting Services.

### **3) Renewal Submittals:**

The SOM requires that Departments initiate contact with other agencies at least 120 days prior to the end date of any existing contract to determine whether it will be renewed or continued. The Department is expected to develop and submit the Renewal according to the timeline stated above and embedded in the DB **automatic reminder** system. As soon as sufficient intent is present and information is available to the Business Manager, the Renewal contract must be entered in the Contract DB and Transaction Log will become available to record ongoing development, communications and document exchanges between the parties.

Although the Department cannot be held responsible for (un)timely responses and (non)cooperation on the part of the other agency, it is ultimately the Business Manager’s

responsibility to assure that Renewals are submitted timely and to follow up regularly with the other agency about any delays. The Department's contracts form a substantial basis for fiscal solvency of the Department and the Business Manager is in the best position to understand and monitor his or her Department's contracts and their status. Documenting **regular, timely and carefully documented follow-ups** is an important part of the Business Manager's duties during the contract development and preparation process. The automatic reminder system and Transaction Log of the contract's DB entry should significantly assist the Business Managers with these duties.

The following procedure and rules apply to Renewals:

- It is not necessary to wait for the first automatic DB reminder - the contract processing person is strongly encouraged to begin development of a Renewal as soon as the opportunity presents itself;
- If no early initiative is taken, a graduated series of automatic DB reminders will commence at 120 days; 90 days; 75 days; and thereafter weekly, prior to the anticipated renewal date of any contract - each DB reminder is recorded in the Transaction Log and requires the SOM Department to enter a response in the DB outlining any action taken; an active link is contained with each reminder leading directly to the DB entry;
- The Business Manager must also periodically update the DB Transaction Log with any change in the status of the Renewal;
- The DB will continue to remind the contract processing person about the Renewal until either:
  - the **Renewal DB entry** is created; or
  - a **“NO (Renewal)”** box is checked in the DB – in that case no further reminders will be sent;
- Since Renewals are developed in much the same manner as New Contracts, as soon as the Department creates the Renewal DB entry, the process will follow all the steps as described above;
- A new ID number is assigned and saved into the DB together with all the basic information available at the time of the DB entry (eventually, all contracts will be linked, so that a Renewal will automatically be linked to its predecessor agreement and display all the available information and prior contract history);
- The DB will move from renewal mode to development mode, and it will begin sending a graduated series of automatic reminders as appropriate to the date the Renewal was entered - at 120 days; 90 days; 75 days; and thereafter weekly prior to the entered start date of the Renewal - to remind the contract processing person to enter updates on the development of the renewal contract;
- The contract (in the form of a Contract Request generated by the DB) does not need to be “submitted” to Contract Management for review at the time of the initial DB entry, but only when it is developed and the required supplemental documentation is available to support the agreement; however, **all Departments, Business Managers and contract processing staff are always encouraged to contact the Contract Management team at any stage of the contract development process with any questions, concerns, or to request a preliminary review where appropriate;**

- If at any stage of the contract development process the parties decide that it is not sound to move forward with the Renewal, a “NO (Renewal)” box in the DB will be marked and a brief explanation entered in the Comments Section describing why the Renewal was stopped or withdrawn; at that point the automatic reminders will cease;
- All Renewals should be completed and “submitted” for review by the Contract Management at least **sixty (60) days** prior to the end of the current contract in order to allow sufficient time for review, last minute changes, approval of exceptions if necessary, and obtaining signatures from both parties;
- Once submitted, the Contract Management team will respond by either **Acceptance** (prompting the Department to route the contract for signatures; minor corrections could be included in the Acceptance notice) or **Rejection** of the Contract Request (accompanied by comments and revisions that need to be addressed and implemented prior to resubmission of the contract for another round of review);
- Both the Department contract processing person and the Contract Management team are responsible for updating the Transaction Log in the DB periodically to show any progress, communications, status changes or any other developments;
- The goal is for all contracts, including Renewals, to be fully executed prior to the start date of the contract; the automatic reminders will cease as soon as the “FE (Fully Executed)” box in the DB is marked.

#### **4) Late Contract Submittals:**

Late contracts, those submitted for approval past the start date of the contract, are categorized according to the number of days that they are delayed.

- Contracts less than thirty (30) days late are accepted if otherwise complete. No written justification is required, although Contract Management may request a memorandum depending on the circumstances;
- Contracts more than thirty (30) days late are accepted if otherwise complete. A written memorandum addressed to the Associate Dean of Fiscal Affairs and the Vice Chancellor for Administration and Finance with an explanation and justification for the late submittal is required;
- Contracts more than sixty (60) days late are accepted if otherwise complete. A written memorandum addressed to the Vice Chancellor for Administration and Finance, or the Director of the Louisiana Office for Contractual Review is required.

#### **5) Amendments:**

Amendments are necessary when any change to a substantive part of the contract is desired by either party and agreed to by the other. These changes include, for example:

- An increase in the maximum amount of the contract;

- A decrease in the maximum amount of the contract;
- Substitution of the physician performing services;
- A renewal by amendment to extend the end date of the contract;
- A budget change or change in duties.

The procedure and rules for initiating and developing Amendments is very similar as the procedure for New Contracts or Renewals outlined above:

- A new ID number is assigned (consisting of an ID number of the original contract followed by dash and A# - where the # is designating the number of the Amendment, such as A1, A2, etc.) and saved into the DB together with all the basic information available at the time (eventually, all contracts will be linked, so that an Amendment will automatically be linked to the original agreement and display all the available information and prior contract history);
- The DB will begin sending a graduated series of automatic reminders as appropriate to the date the Amendment was entered - at 120 days; 90 days; 75 days and thereafter weekly prior to the entered effective date of the Amendment - to remind the contract processing person to enter all updates;
- The Amendment Request does not need to be submitted to Contract Management for review at the time of the first DB entry, but as soon as the Amendment is developed and the required supplemental documentation is available; however, all Departments, Business Managers and contract processing staff are encouraged to submit their Amendments timely – **please, remember that no contract can be amended after its effective end date and all Amendments have to be fully executed prior to such end date in order to take effect;**<sup>3</sup>
- It is also important to inform Accounting Services early in the process about any potential Amendment as well as provide regular updates during the Amendment process so that they could plan and invoice appropriately; if a retroactive financial effect is expected, the Business Manager must inform Accounting Services as soon as possible to avoid incorrect invoices or duplication of effort in invoicing and document all such communication in the DB Transaction Log;
- If at any stage the parties decide that it is not sound to move forward with the Amendment, a “NO (Amendment)” box in the DB will be marked and a brief explanation entered in the Comments Section describing why the Amendment was withdrawn; at that point the automatic reminders will cease;
- All Amendments should be completed and submitted for review by the Contract Management at least **sixty (60) days** prior to their effective date or the end date of the original contract in order to allow sufficient time for review, last minute changes, approval of exceptions if necessary, and obtaining all required signatures from both parties;

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<sup>3</sup> If the Amendment is not executed timely, or if sufficient time is not available between the moment the Amendment was requested or the need to amend was identified and the end date of the original contract, the Business Manager has to proceed as quickly as possible using the Renewal format to ensure timely execution of another contract to cover continuation of services and to ensure required protection is in place for his or her Department and for the LSUHSC.

- Department and the Contract Management are both responsible for periodically updating the Transaction Log in the DB and carefully monitoring the Amendment progress; as soon as the “FE (Fully Executed)” box in the DB is marked the automatic DB reminders will cease.

#### **6) Contract Follow-Up:**

The Department is responsible for following up regularly with the other agency, whether there is delay in initiation or development of a contract, or delay obtaining signatures from the other agency. **Follow-up has to be done regularly, and with increasing frequency as the delay continues.** All follow-up actions must be noted in the Transaction Log of the Contract DB, including the type of follow-up (email, phone, personal contact by a Department physician or other), and any significant information such as the name of the other person, or any reasons given for the delay. Contracts with an extended development period, especially those that are executed after their start date, should indicate in the DB Transaction Log when the contract was initiated and what follow up activity occurred, and what were the reasons for the delay.

Maintaining a detailed **DB Transaction Log** does not eliminate the requirement to provide a Late Letter where required. The purpose of documenting all follow-up activity is to evidence the SOM and the Business Manager’s diligence in developing and executing contracts. In the case of affiliations and multidisciplinary agreements, Contract Management team is responsible for contacting the other agency by phone or email on a regular basis. However, Departments are expected to assist in follow up with all other types of contracts as requested or appropriate. The precise timing of follow-ups depends on all particular circumstances (including the extent of contract delay) and on the sound business judgment of the contract processing person and the Business Manager.

To assist with the follow-up, the SOM Fiscal and Contract Office is implementing a wide range of tools to allow for systematic monitoring and documenting of all steps throughout the contract development process as well as thereafter to ensure timely negotiation, submission and execution of all contracts and subsequent compliance with all contractual duties and obligations. One of the new tools is the above outlined **automatic reminder system** developed by the LSUHSC Custom Applications Group to work within the current existing Contract DB.

The DB-generated reminders cover all types of contracts including:

- Current effective contracts approaching their renewal date;
- Renewals in progress entered into the DB; and
- Potential New Contracts and/or Amendments undergoing negotiations and processing.

## **7) Execution, Post-Execution and Monitoring Obligations of the Business Manager:**

Unlike the DB automatic reminders, the Business Manager's obligations do not cease at the moment when the "FE (Fully Executed)" box in the DB is marked. The Business Manager's role at and/or after the execution of the contract and during the entire effective term comprises of the following important duties:

- Verify in the DB Transaction Log whether fully executed original(s) were received from the other agency by any person within SOM and make sure that one original is always delivered to the Contract Management for filing and recordkeeping purposes; Accounting Services also needs to receive the contract, however, if no more than one original is available, delivering a copy would be sufficient.. It is not necessary for either Accounting or the Department to have an original of the fully executed contract.
- Scans of all fully executed contracts (and some of the most important or very special contracts in process) are posted by the Contract Management team in the Scans Archive located on U-Drive – scans are filed according to each fiscal year they cover (e.g. FY 08-09 can be found at <U:\Finance & Administration\Contract Processing\FY 08-09\Contract Scans>; if more fiscal years are covered, the same contract can be found in multiple folders) and then separated by the Department and/or other agency (again multiple scans of the same contract can be found in each applicable folder);
- Make sure that a copy of each contract is available in the Department's records for reference and be familiar with the contract terms, scope of services, documentation requirements, effective dates and any other provisions as applicable;
- Assure that services are being provided in accordance with the terms of a grant or a contract and that the service Providers (Physicians, Residents, Nurses, etc.) are familiar with all terms immediately affecting them and their performance – in particular with the scope of services, hours, documentation requirements, etc;
- Assure that all required supporting documentation (see below) is timely submitted or collected, reviewed for accuracy purposes, protected against loss, damage or abuse and available as required by the contract terms and the applicable rules and regulations;
- Assure that Accounting Services receive all documentation and invoice information in a timely and professional manner;
- Work with Accounting Services and keep them always informed of the contract status, including amendments in development, terminations, and other changes;
- Maintain an accurate record of all services provided every month pursuant to each contract and of the total revenue invoiced for such services each month; carefully analyze whether the actual services were above or below the projected estimate of the average number of service hours in the contract and why – if substantially above or below, an action may be required:
  - to bring the service hours within the contract range; or
  - to amend the contract to reflect the actual current need for services and allow the Department to invoice for such services provided in excess of the original estimate or, vice versa, to allow the other agency to reduce their total exposure based on lower than expected need for services;

- if the reduction of services or an Amendment do not appear to be an option, contact the Contract Management at least 45 days prior to the date when contract funds will run out to find out if a Notice of termination may be necessary;
- Monitor changes in all relevant circumstances and be aware of the effective term of the contract to assure that any Amendment or Renewal are initiated, negotiated, processed and executed properly and timely as outlined in the sections above.

***Documentation Required by the Standard LSUHSC Professional Services Contract*** – The documentation requirements are incorporated in Section 3.B.2. “Compensation” of the standard Professional Services Template – the most current approved Templates for each fiscal year could be located on U-Drive – e.g. for fiscal year 08-09 the Templates are available at <U:\Finance & Administration\Contract Processing\FY 08-09\Templates>. The documentation required varies in accordance to the type of duties/services performed by the Providers pursuant to the contract:

*“... On a monthly basis, Contractor Professional shall submit to Contractor and Contracting Entity a timesheet and/or a schedule as appropriate for the type of services provided under this Agreement and in a format acceptable to Contractor and Contracting Entity.*

***A timesheet shall be submitted for clinical services setting forth with particularity the date, time, and duration of the services provided under this Agreement. A schedule shall be provided for medical directorship, resident supervision, or for any combination of clinical services and medical directorship and/or resident supervision. Schedules shall include dates on which the services were provided, and list the Contractor Professional(s) who performed the services under this Agreement. Invoices shall match the timesheets and/or schedules.”***

***A Sample of Documentation Language Required by the Latest Revised Interim LSU Public Hospital Professional Services Contract(s)*** – The documentation requirements are incorporated in Attachment A, most often Sections 4 or 5 of the contract titled “Invoicing”:

*“CONTRACTOR shall also provide documentation, certified by each physician providing services, setting forth with particularity the date time and duration of the services provided by said physician under this Agreement in a format acceptable to CONTRACTOR and HOSPITAL. The monthly invoices shall match the documentation.”*

### **III. MAIN TYPES OF CONTRACTS/AGREEMENTS UTILIZED BY LSUHSC**

#### **1) Services Revenue Agreement**

##### **a) Locum Tenens (professional & clinical services)**

- i) Used for any amount; the compensation may be set on cost reimbursement, fee-for-service or fixed-price basis with proportionate reduction if less than estimated hours of work were provided during the contract term (required for Stark/anti Kickback compliance). Fee-for-service may be hourly compensation or may be based on an itemized list, such as lab tests.
- ii) Accompanying documentation of income distribution sheet (IDS) and fair market value (FMV) supported by current AAMC and MGMA data is required upon submission for LSUHSC approval.
- iii) Department must be able to show that actual costs are covered, or justify variance based on achieving acceptable LSUHSC purposes and goals. If revenue is significantly above costs, Department must justify variance to avoid Stark/Anti-Kickback inferences.
- iv) A basic template is on the U: drive, as are templates customized for major partners to address separate institutional requirements.
- v) Typically, pays for patient care, directorship and/or certain administrative services.
- vi) Resident supervision duties may be included in a Locum Tenens agreement. The extent, amount and allocation of compensation components must be specifically identified in the compensation portion of the agreement.

##### **b) OCR Revenue Agreement (non-clinical services)**

- i) Generic revenue contract.
- ii) Seldom used at LSUHSC.

#### **2) Services Expenditure Agreements**

Any expenditure contract should be scrutinized for compliance with any applicable purchasing rules.

##### **a) Small Expenditure (carbonated form) for \$20,000.00 or less**

- i) Contracts for services for \$20,000.00 or less are generally exempt from purchasing rules.
- ii) Use the five page carbonated Professional Services Contract form.
- iii) Primarily used for visiting professors and consulting services.
- iv) May be used to expend research funds, however, Non-Federal or Federal Subcontract forms must be used where the expenditure is supported by a grant or contract award.
- v) Not to be used for Travel and travel should not be referenced on the contract or attached to it.
- vi) Contracts for \$20,000.00 or less may be approved at LSUHSC agency level under Delegation of Authority to the VCAF.

**b) OCR Expenditure Agreement for over \$20,000.00**

- i) Use OCR Expenditure Agreement on U: drive.
- ii) Not frequently used at LSU SOM.
  - (1) Consulting Services contracts in the amount of \$50,000.00 or more shall be awarded through the RFP process.
  - (2) Social Services contracts in the amount of \$250,000.00 per 12 month period or more shall be awarded through the RFP process. Exceptions for emergency or sole source justification must be approved by the Director of the Office of Contractual Review.
- iii) Contracts cannot be artificially divided to avoid dollar constraints.
- iv) Must be approved by Office of Contractual Review (“OCR”); for certain types of services it may need to be approved by Office of Civil Service (“OCS”).

**3) Affiliation & Resident Training Related Agreements**

Resident training at facilities is governed by three documents: the Letter of Agreement, the Affiliation Agreement, and the Supplement to Affiliation Agreement.

**a) ACGME Letter of Agreement (LOA)**

- i) Non-institutional agreement between a School of Medicine Department and another institution’s Department, specifying the educational goals and objectives. This is not reviewed or processed through SOM Contract Management.
- ii) Required for resident training pursuant to the Department’s Residency Review Committee requirements (RRC is part of ACGME), depending on individual Program requirements.

**b) Affiliation Agreement**

- i) “Umbrella” institutional agreement for resident training and services between LSUHSC and any other institution, including other State agencies, where resident training is scheduled to occur.
- ii) Provides for institutional concerns such as professional liability, general liability, independent contractor status, chain-of-authority, and definitions.
- iii) An institutional agreement is required by ACGME; to protect LSUHSC interests and employees, LSUHSC requires that an affiliation be prepared for any institution hosting resident training.
- iv) Typically multi-year agreements, ACGME prefers renewals not less than every 5 years.

**c) Resident Supplement to Affiliation Agreement**

- i) Supplements are institutional agreements, ancillary to the Affiliation Agreement for any particular institution. A Supplement to Affiliation cannot exist without the Affiliation.
- ii) Unless multidisciplinary, the Supplement specifies individual LSUHSC Department; it also spells out resident full time equivalent (FTE) effort and duties more specifically.

- iii) Supplements may be either Paying or Non-Paying, depending on whether resident stipend and fees are supported by the affiliating entity and LSUHSC is being compensated for the resident supervision. Non-Paying Supplements have no funds involved.
- iv) Supervision may be included in a paying supplement; however, for some institutions, supervision may be part of a separate Locum Tenens Agreement (see above).
- v) When a Department requests a Non-Paying Supplement, funds must be available internally to support the resident for the resident FTE assigned to the Supplement

#### **4) Subcontracts**

Subcontracts are defined according to the underlying source of funding that supports the subcontract obligation to pay the other party. All Subcontract Agreements are limited to activities as allowed by the underlying funding arrangement, whether grant or contract.

##### **a) Federal**

- i) Subcontract is pursuant to underlying federal funding, typically a NIH grant.
- ii) If the subcontractor is not specifically named in the award, the subcontract must go to OCR for approval.

##### **b) Non-Federal**

- i) Subcontract pursuant to underlying non-federal funding, such as a grant from the Board of Regents or a contract with a private pharmaceutical company. (Note: If the Board of Regents' source of funds is federal, then any distribution to state agency must treat it as if it is federal funds.)
- ii) If the subcontractor is not specifically named in the award, the subcontract must go to OCR for approval.

- c) Subcontracts of any amount may be approved at LSUHSC agency level regardless of amount under **Delegation of Authority**, if they comply with delegation mandate requiring that the other agency is expressly named in the underlying funding obligation.

#### **5) Business Associate HIPAA Addendum (BA)**

- a) Typically a contract in its own right, a BA Addendum is not needed unless there is already an existing or planned mutual enterprise that may expose Personal Health Information (PHI). The BA Addendum is not necessarily an amendment to an agreement, but executed side-by-side with another agreement.
- b) HIPAA requires hospital compliance to protect PHI whenever there is the potential for non-hospital exposure. BA Addenda are usually sent from other institutions to LSUHSC, and may appear where either faculty or resident services are provided.
- c) The LSUHSC contract templates provide for HIPAA compliance, however, an institution may not find it sufficient and send an 'Addendum,' i.e. the Business Associate HIPAA Addendum.

- d) Physicians and Departments must not sign BA Addendums; they are not authorized representatives of LSUHSC. However, Physicians may sign the individual certification of compliance with an institution where they provide services, to comply with HIPAA and protect PHI. When in doubt, please forward to Contract Management.

**6) Cooperative Endeavor**

- a) The legal transfer or donation of state resources. The State Constitution prohibits the loaning, pledging, or donating of public resources except under certain circumstances. The criteria for legally transferring state property include
  - i) that it serves a public purpose
  - ii) that the community receives a direct benefit
  - iii) that the value of the donation is commensurate with the benefit receivedAccording to the State Constitution, the state and its political subdivisions may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or private association, corporation, or individual. At LSUHSC, typically a written description of mutual obligations is developed or provided for a specific project.
  - iv) Must be signed by President of LSU System
  
- b) The policy of LSUSOM is to require a written agreement describing the mutual obligations to develop or provide for a specific project. The agreement may or may not have funds involved; however, if LSUHSC resources are used, then payment for such use must be provided for in the agreement. You should expect that any such writing will receive intense scrutiny.

**7) Letter of Agreement (LOA)**

- a) Same as ACGME Letter of Agreement (see above).

**8) Memorandum of Understanding (MOU)**

- a) Written documentation between two organizations defining the roles and responsibilities of each organization in relation to the mutual obligations to achieve a mutually beneficial goal or perform a mutually beneficial project.
- b) No funds are involved as an obligation of the Memorandum; however, the Memorandum may describe rights and obligations pertaining to revenue and/or expenditure incurred by either party to achieve the Memorandum goals and objectives. If either party pays funds to the other directly, as an obligation of the Memorandum, then 'funds are involved,' and the appropriate contract template should be used rather than a Memorandum.
- c) Exception: A Memorandum of Understanding should be used between LSU System units, e.g. LSUHSC and LSU School of Veterinary Science. Funds may be involved, such as payment of salary and/or costs. As an intra-agency contract, it does not need to go to OCR and does not need the supporting documentation that would otherwise be required.

**9) Inter-agency Agreement**

An Inter-agency Agreement is an agreement between two or more state agencies for the purpose of transferring funds, property, or services.

#### **10) Intra-agency Agreement**

An Intra-agency Agreement is an agreement between two or more LSU System entities for the purpose of transferring funds, property, or services. See MOU, above.

#### **11) Amendments**

- a) Amendments are sanctioned changes to a contract mutually agreed upon by the parties which conform to the requirements in the underlying contract. Typical examples are to extend the term of a contract by setting forth a later termination date, or to change the duties of one of the parties to the agreement.
- b) Basically:
  - i) An amendment must be in writing and signed by the parties' *authorized* representatives.
  - ii) An amendment must conform to the same LSUHSC standards for execution as any agreement and the same procedure should be used for the processing an amendment as for the type of agreement being amended.
  - iii) An amendment only changes the underlying agreement. It does not create a new agreement.
  - iv) Amendments are cumulative. There can be more than one amendment to an agreement, and they become active according to the effective date in the amendment, in order, and a later amendment can even change a previous amendment.
- c) Each type of agreement used at LSUHSC can be amended; however, careful consideration of the terms of the underlying agreement, the potential impact of legal consequences, and the fiscal/internal ramifications of amending an agreement is necessary to determine whether an amendment is the best, and proper, way to proceed.
- d) Generally, a professional services agreement cannot be amended *as to the rate of compensation* in its first 12 months because of the legal impediments of Stark rulings, the Anti-Kickback statute, and the Louisiana Constitutional requirements.
- e) An amendment must identify its *effective* date. The effective date **MUST** occur before the end of the original, underlying agreement. (For example, if a PSA ends on June 30, 2008, any amendment must be effective on or before June 30, 2008, even if the amendment is to extend the agreement for another year.)
- f) Amendments will be processed on a case by case basis, and what works for one contract may not work for another. Generally, it is better to change an entire paragraph than a few words referenced by line and paragraph number. To this end, remember that one of the purposes of a written agreement is to make sure everyone understands the same thing from the document. Amending on a line by line basis is an invitation to dispute.
- g) **Amendments must be fully executed before the end date of the underlying contract. No contract can be amended once it has ended.**

## **IV. CONTRACT ROUTING PROCEDURES**

### **Key:**

**CM** - Contract Management Office

**DO** - Assoc. Dean of Fiscal Affairs

**VCAF** - Vice Chancellor for Administration and Finance

**DB** - Database

**AE** - Affiliating Entity

**OCR** – Office of Contractual Review

### **The First Step:**

1. Before you begin preparing any contract, please, **always make sure that you are using the correct, most current template directly posted on the U-Drive**; all contract templates are available on: U:\Finance & Administration\Contract Processing. Each fiscal year has its own folder, which contains “Templates” and “Contract Scans” effective for each individual fiscal year – i.e. the templates for FY 08-09 could be found under U:\Finance & Administration\Contract Processing\FY 08-09\Templates.
2. **Checklists** are also available on U:\Finance & Administration\Contract Processing for each individual type of contract to help you make sure that all requirements were complied with and all supplemental documentation has been properly obtained and attached before routing.

### **Contract Management Assistance:**

1. Members of the Dean’s Office Contract Management team are always available to assist you, or to answer any of your questions concerning past, current or proposed future agreements, or related issues.
2. You can contact them via e-mail or phone or come discuss your issue personally. Their current contact information, including office location, phone numbers and e-mail addresses is available at LSUHSC School of Medicine website at [http://www.medschool.lsuhs.edu/fiscal\\_affairs/staff.asp](http://www.medschool.lsuhs.edu/fiscal_affairs/staff.asp).
3. When your question concerns **a contract previously processed** or **an issue previously dealt with** by any particular member of the CM team, it is preferable, if possible, to contact the very same person you worked with in the past. It can save a lot of time explaining and outlining all the details and history again. When working on **a new problem**, please make sure to address all the members of the CM team in your e-mail. When contacting via phone or in person, the whole team will discuss the matter at the first regular meeting. Based on the background and individual experience of CM team members, CM will select the most appropriate person to get back to you with answers as soon as possible.
4. If you are finished preparing the agreement and the complete document packet is ready for final review and routing for signatures, the same procedures apply. Unless a particular person has been helping you along the way, please, place the agreement in campus mail or in the CM drop-off box addressed to Contract Management Office.

The most qualified or appropriate member of the team will assist you as soon as possible.

**Income-Generating Contracts Routed through LSUHSC initially (without Contracting Entity's signature):**

In order to assure that contracts meet with LSUHSC institutional requirements, State of Louisiana rules and regulations, and LSUHSC legal counsel approval, all income generating contracts other than Supplement to Affiliation Agreements must be submitted to LSUHSC for signature first.

1. LSUHSC Dept submits 4 originals of contract signed by Dept head to CM; Dept enters into DB;
2. After CM reviews, contract is forwarded to DO for signature; CM enters into DB;
3. Subsequent to signature by DO, contract returned to CM; CM enters into DB;
4. CM forwards contract to VCAF for signature; CM enters into DB;
5. After signature by VCAF, VCAF provides Accounting with a copy of contract **not** fully-executed;
6. VCAF forwards 4 originals of contract signed by all LSUHSC officials to CM; VCAF enters into DB;
7. CM forwards 4 originals to initiating Dept for obtaining Contracting Entity's signature; Dept enters date contract is sent to Contracting Entity into DB; **Detach internal LSUHSC documents before sending contract originals to Contracting Entity for signature;**
8. Contracting Entity signs, retains 1 fully-executed original, forwards remaining 3 originals to initiating LSUHSC Dept; Dept enters into DB;
9. Initiating Dept. retains 1 fully-executed original and **forwards 1 fully-executed original to CM and one fully-executed original/copy to Accounting, together with LSUHSC internal income distribution form (Accounting and Dept can accept a copy; however, a fully executed original is REQUIRED for CM);** Dept enters into DB as contract being fully-executed, one copy going to Accounting, and one original going to CM;
10. CM retains 1 fully-executed original.

**Expenditure Contracts – \$20,000.00 and under (multi-page carbonated form)**

1. Dept prepares contract and obtains Dept head signature (if there are any concerns regarding the contract, Dept sends to CM for review prior to obtaining signatures);
2. Dept sends contract to Contractor for signature, ensuring that Contractor's physical address (not P.O. Box) and SS/Tax ID # are also secured; Dept enters into DB; Contractor returns signed agreement to Dept; Dept enters into DB;
3. Dept forwards contract with necessary attachments to CM; Dept enters into DB;
4. Subsequent to review, CM forwards contract to DO for signature; CM enters into DB;

5. Subsequent to signature by DO, contract is returned to CM; CM enters into DB;
6. CM forwards contract to VCAF for signature; CM enters into DB;
7. After signed by VCAF, VCAF retains one original of fully-executed contract and forwards remaining originals to Direct Pay/Purchasing. VCAF enters into DB;
8. **Dept sends copy of fully-executed contract to CM upon receipt from Direct Pay/Purchasing.**

**Expenditure Contracts – Over \$20,000.00 (use OCR Expenditure template on U drive);  
Note: Expenditure Contracts \$50,000.00 or more may require Purchasing approval  
and/or exemption under state rules**

1. Dept prepares contract and obtains Dept head signature (if any concerns, sends to CM for review prior to obtaining signatures);
2. Dept sends contract to Contractor for signature, ensuring that Contractor's physical address (not P.O. Box) and SS/Tax ID # are also secured; Dept enters into DB; Contractor returns signed agreement to Dept;
3. Dept enters into DB;
4. Dept forwards contract with necessary attachments to CM for review;
5. Dept enters into DB;
6. Subsequent to review, CM forwards contract to DO for signature; CM enters into DB;
7. Subsequent to signature by DO, contract is returned to CM; CM enters into DB;
8. CM forwards contract to VCAF for signature; CM enters into DB;
9. After signed, VCAF forwards to Office of Contractual Review (OCR) for approval;
10. Once approved by OCR (this can take 4-8 weeks), contract returned to VCAF;
11. VCAF returns originals to CM; VCAF enters into DB;
12. CM retains one fully-executed original and forwards three fully-executed originals to Dept; CM enters into DB;
13. Dept forwards one fully-executed copy to Purchasing/Direct Pay, one to Contractor and Dept retains one original; Dept enters each action into DB.

**HCSO Contract for Services Specific to One SOM Dept**

The majority of HCSO contracts are received directly by CM from HCSO. Upon receipt by CM:

1. CM will forward the contract to the specific Dept providing services if one particular Dept is named;
2. The Dept will prepare the contract for routing with the necessary internal documents (i.e. cover sheet, FMV worksheet, income distribution, etc) and forward to CM for usual routing; Dept enters into DB;
3. CM forwards to DO for signature; CM enters into DB;
4. After signed by DO, CM forwards to VCAF; CM enters into DB;
5. After signed by VCAF, VCAF returns to CM; VCAF enters into DB;

6. CM forwards to appropriate HCSD facility to obtain HCSD signatures; CM enters into DB;
7. HCSD returns fully-executed original to CM;
8. CM forwards fully-executed copy to Dept; CM enters into DB;
9. Dept forwards copy to Accounting; Dept enters into DB

### **Multidisciplinary HCSD Contracts**

1. CM will prepare cover sheet and route through all channels for signature, including contacting Dept for signature as appropriate; CM enters route into DB, and Departments enter action into DB as contract routes forward; Finally, Department returns contract to CM, CM forwards to HCSD and enters into DB. CM will follow up and update transaction log; Dept will follow up and update transaction log as requested or appropriate.
2. The final signature is by HCSD. Upon return of a fully executed agreement from HCSD, CM will:
  - a. Send a copy of the fully executed agreement to Accounting
  - b. Scan the fully-executed contract and place on the U drive for access by Departments
  - c. Enter actions in DB

### **Resident Supplement Agreements, Paying and Non-Paying, Effective 07. 01. 2007**

1. Dept reports resident FTE to CM with a contract ID# for each supplement except multidisciplinary supplements. Changes are sent to CM by email. Any special requirements, such as changes to the standard Appendix A, Resident Duties, or requests for changes to Appendix C, Affiliating Entity Obligations, should be included in the email to CM. At each stage, the person handling the supplement must enter their action(s) in the DB.
2. CM aggregates all FTE. AE with multiple dept are sent a summary.
  - a) AE with multiple Departments (usually a major teaching hospital):
    - i. Upon AE agreement, CM prepares supplements and routes to AE for review and approval, and enters contract ID and information into DB. Contract now in DB.
    - ii. Upon AE signature, AE returns originals to CM; CM routes to Dept for Chair signature.
    - iii. Chair signs, prepares cover sheet and income distribution form if appropriate (supervision funds only) and returns to CM.
    - iv. CM reviews and sends to DO,
    - v. CM forwards to VCAF,
    - vi. After signature, VCAF returns all originals to CM,
    - vii. CM retains one original, sends other originals to Dept to distribute to Accounting and AE,
  - b) AE with one supplement. (DB updated by LSUHSC person involved)

- i. Dept requests supplement from CM, including resident FTE and contract ID#, as above. Dept may be asked to provide AE contact information, and any special requirements or issues regarding the supplement.
- ii. CM prepares supplement and sends to AE for review and approval. CM enters contract ID# and information to create DB entry. AE signs and returns to CM or Dept.
- iii. Dept prepares cover sheet and income distribution form if appropriate (supervision funds only) and returns to CM,
- iv. CM reviews and sends to DO,
- v. CM forwards to VCAF,
- vi. After signature, VCAF returns all originals to CM,
- vii. CM retains one original, forwards 3 originals to Dept,
- viii. Dept returns one original to AE, Dept sends one original of paying supplement to Accounting, Dept enters actions into DB

### **Subcontracts, Federal and Non-Federal**

1. Dept submits 4 originals of subcontract signed by other agency; subcontract should have coversheet, be entered in database, and have Head of Dept signature
  - a. All documentation should be attached, based on the subcontract. This includes, for example, late letter, multi-year letter, and supporting documentation.
  - b. If subcontract is for more than \$20,000 and the other agency is not *specifically* named in the notice of award, the Department must also attach documentation for submission to Office of Contractual Review [“OCR”] (see checklist): Performance measures; goals and objectives, monitoring plan, and letter certifying compliance with OCR requirements (“Certification letter”). Performance measures and monitoring may be included with Appendix A, Statement of Work, within the body of the subcontract.
  - c. If the underlying award or contract requires prior approval of the funding agency, then approval must be documented with submission of the subcontract
  - d. If the underlying award or contract requires that its terms be passed on to any subcontractor, incorporate the award or contract by reference and attach a copy of the award or contract as an Exhibit.
  - e. Exceptions Addenda should be cleared with CM, unless it is a renewal with the same Exceptions, or the Exception has advance approval of VCAF, or the Exception has been approved in the past.
  - f. Attach a copy of prior year’s agreement to the contract submission for reference if this is a renewal or amendment
  - g.

2. CM reviews. If cleared, CM forwards to DO for signature and enters in DB
  - a. Budget must not contain math errors, and should be sufficient to guide and/or constrain other agency's expenditures for which it expects to be paid. Budgets must 'pass along' any spending constraints in the underlying award or contract.
  - b. Appendix D must have other agency's signature on one of the two alternative sections
3. Upon DO signature, CM forwards to VCAF for signature and enters into DB.
4. If Delegation of Authority to sign requires OCR approval, in discretion of VCAF, VCAF signs and forwards to OCR for review and signature.
5. If OCR signs, subcontract is returned to VCAF. VCAF forwards signed subcontract to CM and CM enters subcontract as fully executed in DB. Note: Certain services agreements also require review by the Office of Civil Service ("OCS"). If necessary, OCR will forward to OCS for review.
6. CM retains one fully executed original in file; CM forwards remaining fully executed originals subcontract to Dept, enters action in DB.
7. Dept forwards one original to Other Agency with appropriate letter; Dept forwards one original to Sponsored Projects; Dept retains one original on file. Dept notes all actions in DB.

## Contract Submission Checklists

REVISED 10.21.08

**Income-Generating Contracts (Includes resident supplements and supervision) should be prepared using current LSUHSC templates with the exception of State contracts)**

\_\_\_\_\_ 4 Original Contracts

\_\_\_\_\_ **Cover Sheet on each original; include the following on cover sheet:**

- a) Departmental ID Number
- b) Address of Contracting Entity under cited name,
- c) PS Chartstring # and Legacy Acct #; **if 2 account #'s involved, list second one in Description of Services and highlight;** if new contract, indicate **TBA** for PS Chartstring and Legacy #'s and include copy of email requesting an account.
- d) **Specific description of services; if an Amendment, describe purpose of Amendment and financial effect (i.e., total contract monies increasing, decreasing, by how much)**

\_\_\_\_\_ **Income Distribution Sheet with first original**

\_\_\_\_\_ **FMV worksheet(s) with AAMC and MGMA source documents with first original**

\_\_\_\_\_ **Financial business plan with first original for any new faculty position;** qualitative business plan on contracts \$100,000 and over; if a new position is created:

- a) attach Per 1 form,
- b) AAMC and MGMA or other salary competitive data,
- c) documentation that a search occurred,
- d) justification why the furlough pool does not have skills required, necessitating hiring outside

\_\_\_\_\_ Signature Line for the Chancellor

\_\_\_\_\_ Signature Line for the Dean

\_\_\_\_\_ Department Head's **Signature**

\_\_\_\_\_ Signature line for the doctor providing services (if required on template)

\_\_\_\_\_ **"Sign Here"** Tabs on all signature pages

\_\_\_\_\_ Check Contractor's LEIE and SDN; **if not excluded, choose "NO" on cover sheet**

\_\_\_\_\_ **If renewal Agreement, attach copy of all previous year's Agreements**

### **ALL AGREEMENTS**

\_\_\_\_\_ Late Letter addressed to Keith Schroth and Ronnie Smith if submitted to LSUHSC **30 days or more** after the effective date of the Agreement

## Expenditure Contracts

**Professional Services Agreement Personal/Professional/Consulting \$20,000.00 and under) (prepare ONLY on multi-page carbonated form) Many forms/sample letters referenced below can be found on OCR website.**

Three (3) “Contract” Sets required as follows (**PAPER CLIPPED; NOT STAPLED** please):

### **First Set includes:**

\_\_\_\_\_ **Cover Sheet; include the following on cover sheet:**

- a) Departmental Contract ID Number
- b) Address of Contracting Entity under cited name,
- c) PS Chartstring # and Legacy Acct #; **if 2 account #'s involved, list second one in Description of Services and highlight;** if new contract, indicate **TBA** for PS Chartstring and Legacy #'s
- d) **Specific description of services;** if an Amendment, describe purpose of Amendment and financial effect (i.e., total contract monies increasing, decreasing and how much)

\_\_\_\_\_ Use current multi-page, carbonated form **only**. If \$5,000 or over, include a Cost-Benefit Analysis, Goals and Objectives, Monitoring Plan and Certification Letter  
\*\*

\_\_\_\_\_ **If for an individual\*, a Curriculum Vitae or Biographical Sketch must be attached OR**

**If for a corporate entity attach**

- 1) Board Resolution for authority to sign, profit or non-profit,
- 2) Disclosure of Ownership if for profit but not publicly traded, or notarized list of owners for LLC or LLP; 3) Certificate of Authority if out of state

**\*If for an international traveler, please refer to Foreign Speakers Checklist for additional documents required**

\_\_\_\_\_ **One (1) Signed Direct Pay or Requisition form\*\*\*** (Contract Mgt will copy form after Dean signs)

\_\_\_\_\_ Service Provider’s Qualifications (i.e., if contract is with a business that does not have a CV to attach)

\_\_\_\_\_ Department Head’s **Signature** on contract form

\_\_\_\_\_ **Contractor’s Signature and Social Security Number or Tax ID; obtain Contractor’s signature prior to routing through LSUHSC for signature; ensure Contractor’s address is a physical address (not P.O. Box)**

\_\_\_\_\_ **One (1) “Sign Here” Tab on signature page of Contract and on Direct Pay form**

\_\_\_\_\_ Check Contractor’s excluded provider status (**choose “NO” on cover page if not excluded**)

### **Second and Third Sets Each Include only:**

\_\_\_\_\_ Cover page

\_\_\_\_\_ CV

## **Expenditure Contracts, continued**

### **ALL AGREEMENTS**

\_\_\_\_\_ Late Letter addressed to Keith Schroth and Ronnie Smith if submitted to LSUHSC **30 days or more** after the effective date of the Agreement.

\_\_\_\_\_ If submitted 60 days or more after the effective date of the Agreement, **submit late letter** addressed to **Susan Smith, Office of Contractual Review** (in this event, disregard reference to late letter to Keith Schroth and Ronnie Smith above.).

\_\_\_\_\_ If contract term is **longer than 12 months**, submit **Multi-year letter** addressed to **Susan Smith, Office of Contractual Review**.

**\*\*Expenditure contracts over \$2,000.00 require the completion of a Performance Evaluation form to be retained in Departmental files; expenditure contracts over \$20,000.00 require that the Performance Evaluation form be forwarded to the VCAF Office with a copy to the Contracts Management office. A Performance Evaluation form may be found on the OCR website ([www.state.la.us/ocr/perfor.htm](http://www.state.la.us/ocr/perfor.htm)) for use.**

**\*\*\*Requisition required if the terms of payment encompass paying Contractor in increments (i.e., monthly, quarterly, etc); Direct Pay form used if Contractor is to be paid total contract amount upon completion of services.**

## **Foreign Speakers Submission Checklist**

### **Documents and information to be submitted with the Expenditure Professional Services Agreement (multi-page carbonated form)**

- Copy of the Letter of Invitation prepared by the Department
- SSN or Individual Taxpayer Identification Number (ITIN) or a copy of the filed SSN/ITIN application - necessary to comply with IRS law.\* (Please, note that **processing a travel voucher for travel expenses, rather than an Expenditure Professional Services Agreement, may be a more expedient and appropriate option of reimbursement if SSN/ITIN is not available.**)
- Unless the total contract amount is less than \$600.00, the contract/payment CANNOT be processed without current SSN/ITIN number or a proof of the pending application. For questions and details about withholdings and LSUHSC regulations, please, refer to <http://www.lsuhs.edu/no/administration/supplychain>.
- Copy of Passport (Identification Section)
- Copy of Visa (the only exceptions are: Canadian citizens or speakers who are citizens of countries with Visa waiver programs); please refer to list below \*\*
- Copy of I-94 (front and back) - the only exception is for Canadian citizens
- Professional Services Contract (multi-page carbonated form)
- Honorarium Form – Form B-1 (both sides must be completed); located on U-Drive in FORMS folder
- Flyer of the Event
- Speaker's Curriculum Vitae
- Proof of Canadian Citizenship or Citizenship in Country Participating in Visa Waiver Program (if applicable)

\* If a speaker does not have a SSN or ITIN, they **must** apply at the local SSA or IRS Office. <http://www.irs.gov/businesses/small/international/article/0,,id=96696,00.html> - please, refer to the website for procedures and details.

#### **\*\*List of Countries Participating in Visa Waiver Pilot Program:**

Andorra;	Liechtenstein;	United Kingdom
Austria;	Luxembourg	
Australia;	Monaco	
Belgium;	Netherlands	
Brunei;	New Zealand	
Denmark;	Norway	
Finland;	Portugal	
France;	San Marino	
Germany;	Singapore	
Iceland;	Slovenia	
Ireland;	Spain	
Italy;	Sweden	
Japan;	Switzerland	

**Expenditure Contracts OCR Generic Professional Services Agreement**  
**Personal/ Professional/Consulting (More than 20,000; Note: Expenditure Contracts \$50,000 or more may require Purchasing approval and/or exemption under State rules)\*\***

\_\_\_\_\_ 4 Original Contracts (template on U Drive; labeled as “OCR Expenditure Contract”)

\_\_\_\_\_ **Cover Sheet on each original; include the following on cover sheet:**

- a) Departmental Contract ID Number
- b) Address of Contracting Entity under cited name,
- c) PS Chartstring # and Legacy Acct #; **if 2 account #'s involved, list second one in Description of Services and highlight;** if new contract, indicate **TBA** for PS Chartstring and Legacy #'s
- d) **Specific description of services; if an Amendment, describe purpose of Amendment and financial effect** (i.e., total contract monies increasing, decreasing and how much) Cost-Benefit Analysis, Goals and Objectives, Monitoring Plan and Certification Letter addressed to Susan Smith of OCR. If for services of an individual, a Curriculum Vitae or Biographical Sketch must be attached to each set

**OR**

**If for a corporate entity attach**

- \_\_\_\_\_ 1) Board Resolution for authority to sign, profit or non-profit,
- \_\_\_\_\_ 2) Disclosure of Ownership if for profit but not publicly traded, or notarized list of owners for LLC or LLP;
- \_\_\_\_\_ 3) Certificate of Authority if out of state
- \_\_\_\_\_ 4) A written paragraph outlining the Service provider’s Qualifications (i.e., if contract is with a business that does not have a CV to attach)

\_\_\_\_\_ Signature Line for the Chancellor

\_\_\_\_\_ Signature Line for the Dean

\_\_\_\_\_ Signature Line for Department Head, with Department Head’s **Signature**

\_\_\_\_\_ **Contractor’s Signature and Social Security Number or Tax ID Number;** obtain Contractor’s signature prior to routing through LSUHSC for signature; ensure Contractor’s address is a physical address (not P.O. Box)

\_\_\_\_\_ Signed Direct Pay or Requisition form\*\*\*

\_\_\_\_\_ One (1) “Sign Here” Tabs on each contract signature page and on direct pay form (if any)

\_\_\_\_\_ Check Contractor’s LEIE and SDN; (choose “NO” on cover sheet if not excluded)

**ALL AGREEMENTS**

\_\_\_\_\_ Late Letter addressed to Keith Schroth and Ronnie Smith if submitted to LSUHSC **30 days** after the effective date of the Agreement

\_\_\_\_\_ If submitted 60 days or more after the effective date of the Agreement, **submit late letter** addressed to **Susan Smith, Office of Contractual Review** (in this event, disregard reference to late letter to Keith Schroth and Ronnie Smith above.).

\_\_\_\_\_ If contract term is **longer than 12 months**, submit **Multi-year letter** addressed to **Susan Smith, Office of Contractual Review**.

**\*\*Expenditure contracts over \$2,000.00 require the completion of a Performance Evaluation form to be retained in Departmental files; expenditure contracts over \$20,000.00 require that the Performance Evaluation form be forwarded to the VCAF Office with a copy to the Contracts Management office. A Performance Evaluation form may be found on the OCR website ([www.state.la.us/ocr/perfor.htm](http://www.state.la.us/ocr/perfor.htm)) for use.**

**\*\*\*Requisition required if the terms of payment encompass paying Contractor in increments (i.e., monthly, quarterly, etc); Direct Pay form used if Contractor is to be paid total contract amount upon completion of services.**

**Subcontracts (Federal and Non-Federal)**  
**(Must be prepared using current LSUHSC templates)**

\_\_\_\_\_ 4 Original Contracts

\_\_\_\_\_ **Cover Sheet on each original; include the following on cover sheet:**

- a) Departmental Contract ID Number
- b) Address of Contracting Entity under cited name,
- c) PS Chartstring # and Legacy Acct #; **if 2 account #'s involved, list second one in Description of Services and highlight**; if new contract, indicate **TBA** for PS Chartstring and Legacy #'s and include copy of email requesting an account
- d) **Specific description of services; if an Amendment, describe purpose of amendment and financial effect (i.e., total contract monies increasing, decreasing and how much)**

\_\_\_\_\_ If for \$5,000.00 or above, a Cost-Benefit Analysis, Goals and Objectives, Monitoring Plan, and Certification letter (attach one copy to the first original)

\_\_\_\_\_ If it is a Grant Subcontract, attach Grant Award Letter or funding Agreement and Primary Source Budget that specifically indicates payment for provider (attach copies to each original). If the Notice of Award, or funding Agreement, **does not specifically name the Subcontractor with the specific dollar amount**, the Delegation of Authority for approval of the subcontract at the local (LSUHSC) level is not met for that subcontract and a Cost-Benefit Analysis, a memo with goals, objectives, deliverables, performance measures and monitoring plan, and a Certification letter must be attached. Note that Subcontracts for over \$20,000 with an award notice that **specifically names the subcontractor with the specific amount** may be approved at the LSUHSC level without going to OCR.

\_\_\_\_\_ Signature Line for the Chancellor

\_\_\_\_\_ Signature Line for the Dean

\_\_\_\_\_ Signature Line for the Department Head, with Department Head's **Signature**

\_\_\_\_\_ Signature Lines for the Principal Investigator and the Senior Investigator (signed)

\_\_\_\_\_ "Sign Here" Tabs on all signature pages (including any Exceptions Addendum)

\_\_\_\_\_ Check Subcontractor's LEIE and SDN status (**choose "NO" on cover page if not excluded**)

\_\_\_\_\_ Other Agency's Signatures must be obtained before submitting to LSUHSC

**ALL AGREEMENTS**

\_\_\_\_\_ Late Letter addressed to Keith Schroth and Ronnie Smith if submitted to LSUHSC **30 days or more** after the effective date of the Agreement

\_\_\_\_\_ If submitted 60 days or more after the effective date of the Agreement, **submit late letter** addressed to **Susan Smith, Office of Contractual Review** (in this event, disregard reference to late letter to Keith Schroth and Ronnie Smith above.).

\_\_\_\_\_ If contract term is **longer than 12 months**, submit a **Multi-year letter** addressed to **Susan Smith, Office of Contractual Review**.

## **V. HOW TO REVIEW A CONTRACT**

### **How to Protect LSUHSC, My Department, My Budget and Myself**

1. **Determine the nature of services/relationship and use the appropriate template;** the State has many required clauses because it is a governmental entity, and governmental entities do not enjoy the same degree of contractual freedom as private entities. For example, the State cannot agree to arbitration clauses or any other dispute resolution outside the State of Louisiana; the agreement must contain a Force Majeure clause (covering conduct of the parties in the event of, for example, a hurricane), etc. **Make sure that your template is the most current revision posted on the U-Drive meeting the latest legal requirements.**
2. **Make sure that no exclusions apply.** Generally, the Department cannot contract with a state employee (with some exceptions); the Department also cannot contract with someone whom LSU has employed within the past two years before the start date of the contract for the same work they did at LSU, including periods of appointment; nor can they work for LSU through a corporation/company that has a contract with LSU. An exemption is required.
3. If the other party is a corporation (for profit or nonprofit), it must provide a formal, dated board resolution showing who has the authority to sign the contract on behalf of the corporation. In addition, the contract must also have a disclosure of ownership form unless the corporation is publicly traded. LSUHSC cannot do business with any person or entity in violation of OIG regulations or is named in the “Excluded Parties List System” which identifies those parties excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non-financial assistance and benefits. In particular, LSUHSC must identify “Specially Designated Nationals” (“SDN”) and “Blocked Persons” (i.e. persons prohibited from entry to the United States). Office of Inspector General (OIG) information for any LEIE violations is available at <http://exclusions.oig.hhs.gov/search.aspx>, and you can search SDN information available at <https://www.epls.gov>. The name of each physical person, as well as every owner, director, officer, member or principal involved in any corporation desiring to enter into a contract with LSUHSC must be checked for exclusion. If any exclusion applies, you are unable to proceed with the agreement.
4. **Pay careful attention to the time factor.** New Contracts must be actively pursued prior to contract start date and a Contract Database (DB) entry for a new contracts must be made when a request for a contract is received from the other agency and an agreement in principle is arrived at between the SOM and other agencies. For Renewal Contracts, the Department must initiate contact with other agencies, at least 120 days prior to the end date of any existing contract to determine whether it will be renewed or continued. The Contract Database will generate automatic email reminders for all contracts throughout the contracting process to ensure timely execution of contracts. Contracts received by the Contract Management thirty (30) days or more after the effective date of the contract must be accompanied by a late letter of justification addressed to the Associate Dean for Fiscal Affairs and the Vice-Chancellor for Administration and Finance (VCAF). If the agreement must (or may) go to the Office of Contractual Review (OCR), the late letter must be addressed to Susan Smith, Director of OCR, in lieu of the Associate Dean of

- Fiscal Affairs and VCAF. **Contracts cannot be executed, amended, or extended once they have expired** – the only alternative is a Renewal or a New Contract.
5. If the contract is a Renewal or an Amendment, always attach a copy of the fully executed original contract.
  6. **Always double-check your information.** Nothing is worse than having to go back and correct the address or the math. Are you sure the other party's name is spelled correctly? Moral: Proof your work and have someone proof it after you. **Attention to details is critical.**
  7. Indemnification paragraph cannot include "expenses of litigation." This typically appears in the negative, where a party agrees to indemnify x, y, and z "except for/other than expenses of litigation."
  8. Identify the type of contract you are doing in the "compensation" paragraph
    - a. **Fee for Service:** you are paid a set amount of money for certain service. Think an hourly rate or any attached list of deliverables (e.g. path labs.)
    - b. **Fixed Price:** you have a total amount for the whole contract, which does not change unless at the end of the contract period you find out that less than the estimated hours of service were provided. In that case the contract reverts into the "Fee for Service" mode, and you will get reimbursed for each hour of service actually provided based on the fair market hourly rate.
    - c. **Cost Reimbursement:** your costs are a pass through to the other party. Here, at LSUHSC, it usually refers to paying the actual salaries of faculty plus fringe benefits. It could also apply to costs such as lab animals, travel, etc. that you pass through to the other party. Remember that fringe benefits does not include leave accruals, only terminal leave; be sure to capture these costs by identifying them in the agreement.
    - d. **'Covering your costs':** for many, interchangeable with 'Cost Reimbursement,' but they are not the same. You can cover your costs with any type of payment agreement if you do the math correctly.
  9. No abbreviations that are not first spelled out before you use them in the agreement. You can often use words like "hereinafter referred to as X." After you do that, please, be consistent using the same reference throughout the whole document.
  10. "Venue" means place. Venue is where litigation will occur if your contract agreement breaks up, goes down in flames and people sue. Venue is ALWAYS in Orleans Parish, unless a specific, documented exception is granted by the LSUHSC Chancellor. Such requests should be routed through Contract Management or the SOM fiscal office.
  11. Be careful what you agree to.
    - a. Would you agree to forego payment if your doctor is not timely with medical records?
    - b. Would you agree to forego payment if the other agency doesn't like the invoice provided, where the agreement gives them the power to determine what needs to be in the invoice?
  12. Do not give away billing without prior approval from the LSUSOM Fiscal Office.
  13. Do not agree to guarantee collections or revenue for the other agency when you give away billing. Also, the whole point of assigning billing rights is that the other person is willing to take greater risk for greater profit. By taking the set level of compensation, you are taking less money but a sure thing.

14. Do not inappropriately include language that can be construed as a lease of real property (e.g., provide space). The Board of Supervisors must approve all leases.
15. When the other agency wants you to “warrant” or “represent” or otherwise promise some institutional aspect, think about it in concrete terms.
  - a. It’s pretty reasonable to represent that your physicians are licensed in LA.
  - b. While it may not be unreasonable to represent that salaries are consistent with the area, why is this even part of the agreement? Will you have to renegotiate and amend the contract if the salary is not consistent in the future?
  - c. If the other agency wants to forbid LSUHSC from assignment of an obligation but want the right to assign some or all of their obligation, head’s up. Ask yourself, is this reasonable? Shouldn’t this be mutual?
  - d. Non-exclusivity paragraphs also fall under this type of scrutiny. Contracts must have this paragraph, but it can be poorly written
16. The Chancellor at 433 Bolivar Street and the Dean at 533 Bolivar Street must always be in the Notice provision for LSUHSC. Please, verify the most current address for both officials at <http://www.lsuhs.edu/no/administration/chancellor.aspx> and [http://www.medschool.lsuhs.edu/administration/deans\\_office.asp](http://www.medschool.lsuhs.edu/administration/deans_office.asp)
17. Be sure the contract has the correct signature lines.
18. Scope of Services: Without seeing anything else, an individual with no healthcare experience should be able to read and understand who must do what, how to do it, when they do it if timeliness is a factor, and whom they tell about it. A good contract, especially a Subcontract (federal or non-federal), will contain its own goals and monitoring in the scope of services. Both you and the other agency need to agree on the description. In Subcontracts, it is not good to simply insert the scientific abstract. You need to describe what the other agency is doing, not the overall grant. The Scope of Services is not the appropriate place for clauses that really belong in an Exceptions Addendum. Especially things like billing rights.
19. The budget grand total needs to agree with the amount(s) in the contract.
20. NO TYPOS, NO MATH/BUDGET ERRORS. ALSO, BE CAREFUL ABOUT AUTOMATIC CHANGES. PROOF-READ YOUR WORK.
21. Make sure you have all the documentation required to go with the contract in the packet you submit to the Contract Management. All contracts, whether expenditure, non-paying or income-generating, must have a contract cover sheet. Please review the contract checklist before submission. Contracts that do not comply with checklist submission items will be returned to the Department for correction.
22. Multi-year contracts must be accompanied by a letter of justification addressed to Susan Smith, Director of OCR. Allow for additional time for OCR approval of multi-year agreements.
23. Certain expenditure contracts for services will be reviewed by the Office of Civil Service, to determine whether the services you are buying couldn’t better be provided by a state employee. Your Cost-Benefit Analysis and Scope of Services description should dovetail and be, for all practical purposes, self explanatory. Remember, your Certification Letter states that you couldn’t find any state employee that could do what you want to pay for. This also adds a week or so to the review/signature time.
24. Be careful with Inter-agency and Intra-agency Agreements.

25. **Do not submit any contract with any handwritten corrections, obvious erasures, insertions, etc.**
26. For expenditure contracts, including subcontracts, the other party must sign and date the contract first before processing through LSU. For income generating contracts, it is not necessary that the other party signs first.
27. Anti-Kickback and Stark information: Stark statute is a “prohibition with exceptions.” Under Stark, physicians are prohibited from making referrals for certain services unless there is an exception that applies. Anti-Kickback legislation forbids, for example, drug companies from paying doctors, directly or indirectly, for prescribing their drugs. These laws are complex, Stark seems to be constantly changing its rules, and they are a source of anxiety for all health care institutions. At the basic contract level, it means that whatever compensation is negotiated for any health provider’s services, it must be a) expressed as an hourly rate, and b) meet objective fair market value (FMV) criteria.
28. The State cannot donate resources. This is State of Louisiana law. Where agreements are submitted at less than fair market value compensation, they will be reviewed on a case-by-case basis for approval based on the justification.
29. State law decrees that all contracts must be fully executed before services commence. The deadlines for submission to Contract Management, the reminders to Departments, allowing sufficient time to negotiate your contract terms and exceptions if needed, and the monitoring/follow-up recordkeeping in the transaction log are to assist you to meet this requirement. One of the best ways to comply is to make sure Departmental physicians know, and are willing, to come to the business manager with contract proposals and “arrangements” before the service starts.
30. The LSU Systems office audits contracts at state agencies and state facilities. In addition to the requirements listed above, the logs and supporting documentation such as emails, FMV and Income Distribution Sheets, provide the basis of review for any audit. It is important that you maintain good records that you can prove your actions with appropriate evidence to achieve a clean audit.