July 1, 2003

TO: WUSM Management Council

FROM: George E. Andersson

RE: University Contracting Policy

Periodically, this memorandum is issued to clarify and explain the University's contracting policy.

The term "contract" includes any agreement with a third party. Leases, drug study agreements, major equipment purchases, affiliation agreements, transplant and managed care agreements, among other transactions, are contracts.

Contracts to which Washington University is a party and which purport to bind the University to duties and obligations under the contract can only be signed by officers and expressly authorized employees of the University.

Article II of the Washington University Charter lists the corporation's officers as a Chairman, one or more Vice-Chairmen, Chancellor, Provost, Vice-Chancellors, Secretary, Treasurer, and additional officers as the board may from time to time appoint.

Other University employees may not sign contracts on behalf of the University unless they have been expressly authorized to do so by the board or an officer of the University.

When entering into a contract, it is important to remember that the proper contracting party is "Washington University." The various departments and schools within the University are not separate legal entities and cannot technically be a party to a contract. It is acceptable to state the contracting party as "Washington University, on behalf of its School of Medicine, Department of ____________________________"
In general, members of the faculty do not have the authority to sign contracts. Faculty members may create personal liability problems for themselves by signing contracts that purport to bind the University. Please advise your faculty to follow the appropriate procedures.

At the School of Medicine, contracts normally are signed by Executive Vice Chancellor for Medical Affairs/Dean, Dr. Larry J. Shapiro, or a designated member of his staff. Many contracts now include the Department Head’s signature as an additional internal safeguard that acknowledges the Department’s acceptance of the contractual responsibilities. However, a Department Head’s signature may not be substituted for Dr. Shapiro’s signature. If the department head is not a signatory to the agreement, please attach a note that clearly states that the department has reviewed the agreement and wishes the University to enter into the agreement on the department’s behalf.

Department Chairs and Department Business Managers at the School of Medicine are authorized to execute certain contracts according to the terms of a January 15, 2002 Designation from the Dean, a copy of which is attached hereto and made a part of this policy. Anyone executing a contract pursuant to this Designation must strictly follow its requirements.

Additionally, all Medical School contracts must be approved by legal counsel prior to execution. In order to expedite execution of your contracts, they should be sent to the Medical School General Counsel’s Office with a transmittal note indicating who the signatory will be (e.g., Executive Vice Chancellor/Dean; Department Chair; Department Business Manager; etc.). The General Counsel’s Office will review the contract and will send it to the identified signatory for execution. A description of the Medical School’s contract execution procedure is attached for your reference.

Please circulate this memorandum to key staff in your departments who handle contract administration. Feel free to contact me or Mark Eggert with any questions or comments.

Cc WUSM Senior Staff
Cc WUSM program administrators
Washington University School of Medicine
Contract Execution Procedures

The term "contract" includes any agreement with a third party.
Leases, drug study agreements, major equipment purchases,
Affiliation agreements, transplant and managed care agreements,
Among other transactions are contracts.

1. All original contracts are retained in the Master Contract File in the General
   Counsel’s Office, Room 1402.

2. All Medical School contracts, including WUPN agreements, must be approved by the
   General Counsel’s Office prior to execution.

3. Medical School contracts are generally executed by the Executive Vice
   Chancellor/Dean (currently Dr. Shapiro). However, managed care contracts, which
   may be signed by the Associate Vice Chancellor/Dean for Clinical Affairs (currently
   Dr. Crane), and certain types of contracts may be signed by Department Chairs and
   Department Business Managers pursuant to a January 15, 2002 Designation from the
   Dean.

4. In order to obtain a signature, all contracts should be sent to the General Counsel’s
   Office for review.

5. Upon satisfactory review, the General Counsel’s Office will forward the document to
   George Andersson for his approval prior to Dr. Shapiro’s signature (or Dr. Crane, if
   the agreement is for managed care). Documents to be executed by the Department
   Chair/Business Manager will be returned to the department for signature.

6. After execution, all contracts are returned to the General Counsel’s office for
   distribution.
DESIGNATION

1. Pursuant to the March 3, 1997 contracting policy applicable to the School of Medicine, any agreement with a third party must be signed by the Executive Vice Chancellor for Medical Affairs and Dean of the School of Medicine or a designated member of his staff after review and approval by legal counsel.

2. By this designation, the undersigned, William A. Peck, MD, as Executive Vice Chancellor for Medical Affairs and Dean of the School of Medicine, hereby delegates to the chief business/financial manager, howsoever denominated (hereinafter referred to as “Business Manager”) of each of the several Departments of the School of Medicine, the authority to execute and/or approve for the University, on behalf of its School of Medicine and solely on behalf of his or her Department, contracts, agreements and associated items of the kind and/or relating to the matters identified below, with the same effect and authority as if personally executed and/or approved by the undersigned:

   A. Medicare and Medicaid enrollment agreements; advertising (yellow pages, etc.); and paging services; subject, in each instance, to the requirement that the financial commitment of the University does not exceed $25,000.

   B. Rooms and/or spaces for conferences; catering engagements; emergency plant repairs (e.g., electric and plumbing); office equipment maintenance and repairs; performance engagements (e.g., bands, speakers); computer programming services; honoraria; subject, in each instance, to the requirement that the financial commitment of the University does not exceed $10,000.

3. This designation may be modified or revoked by the undersigned or his successors with or without cause at any time and shall automatically expire and terminate as to any Business Manager if at any time such Business Manager shall cease to hold office in good standing as an employee of the University in the position of the chief business/financial manager of his or her Department. The authority delegated pursuant hereto may not be further subdelegated or assigned to any other person.

4. The undersigned hereby further-delegates to the Chair of each Department the authority to execute and/or approve contracts, agreements and associated items co-extensive with the authority granted to the Business Manager of such Department pursuant hereto.

5. The authority to sign as delegated herein is subject to the requirement in each instance that (a) the Board of Trustees of the University and/or the appropriate Committee(s) thereof shall first have approved the particular agreement, contract or other item, or the relevant terms of the transaction associated therewith, to the extent so required by applicable University policy, and (b) the particular agreement, contract or other item shall, to the extent necessary or appropriate (as further addressed in paragraph 6 below), have been approved by, or shall conform without material modifications to a form for the relevant purpose approved in advance by, the Office of the Executive Vice Chancellor and General Counsel, as indicated by the initials or other written approval (which can include e-mail) of an attorney in that office.
6. Prior review and approval by a University attorney shall be considered necessary or appropriate where the agreement, contract or other item, or any clause therein, presents actual or potential legal risks or considerations beyond the common business knowledge of business officers who do not have formal legal training. This includes any agreement:

- by the University to indemnify another party
- by the University to maintain the confidentiality of any information
- whereby the recourse of the University or the liability of another party is expressly limited or released
- relating to legal proceedings (e.g., governing law, venue, arbitration, mediation)
- relating to real estate or intellectual property, such as patents, copyrights, trade names or trademarks (and especially if it involves the name or logo of the University)
- for borrowing, lending or guarantee of money or the grant of collateral or other security
- involving donations or other charitable activity
- affecting the structure or organization of any business entity
- with unusual tax consequences
- significantly affecting the terms of employment of any University employee
- whereby another party is granted exclusive rights
- that impacts an individual Trustee or Corporate Officer of the University, or in which there may otherwise be a conflict of interest

The foregoing is not an exhaustive list. There may be any number of other agreements or clauses for which legal review is necessary or appropriate. Conversely, submitting every routine item for review by an attorney will overburden the available legal resources of the University and result in inefficiencies. Business Managers must exercise sound judgment, based on past experience, and should, if in doubt, consult with legal counsel on whether review is warranted.

IN WITNESS WHEREOF, the undersigned has executed this Designation, effective January 15, 2002.

/s/ William A. Peck
Name: William A. Peck, MD
Title: Executive Vice Chancellor for Medical Affairs and Dean of the School of Medicine