

DATE: December 30, 2005

TO: NYSSCPA Chapter Executive Board Members

FROM: William J. Pape, Director, Member Relations
James A. Woehlke, Esq. CAE, Counsel

RE: New Society Policy on Contracts Originating in NYSSCPA Chapters

On December 8, 2005, the Society's Board of Directors unanimously passed the following policy calling for the legal review of many contracts originating in the chapters. Both of us would be happy to discuss with you any questions about the policy and can be reached at 800-NYSSCPA. In addition, you should feel free to discuss the policy with your chapter's member on the Board.

NYSSCPA Policy on Review and Signature of Chapter Contracts

Background

For several years all Society contracts, except those pertaining to chapter activities, have been reviewed for legal and other issues and signed either by the President or the Executive Director or their designee.

The NYSSCPA Board has concluded that this policy should be extended to certain contracts currently entered into by chapter leaders. This decision is based on the following rationale:

- A. Protection of Chapter Leadership. It is important to limit the liability exposure of and financial risk to chapter leaders and their firms relating to NYSSCPA events.
- B. Limitation of Society Risk. The Society's legal and business risks should be consistently analyzed and assessed regarding all obligations, not only those incurred at the state-wide level.

Policy

The NYSSCPA Board, therefore, has approved the following policy:

Contracts pertaining to NYSSCPA chapter expenditures, which include any one or

more of the following provisions, shall be submitted to the Society's Counsel's office for review before signature by the Society President, the Executive Director, or their designee:

- (1) Contracts expected to result in total expenditures of \$10,000 or more.
- (2) Contracts that require the Society or someone signing on the Society's behalf to
 - (a) "indemnify" or "hold harmless" the other party to the contract; or
 - (b) either obtain insurance, or provide proof of insurance to cover the contract's subject matter.
- (3) Contracts that
 - (a) relate to rental or other use of a facility, including but not limited to, restaurants, hotels, or private clubs, provided that the total contract expenditures are \$2,500 or more; or
 - (b) require the signer or his (or her firm) to sign in his or her personal capacity; or
 - (c) provide for damages (e.g., cancellation penalties).

In addition, chapter officers are welcome to submit any additional Society-related contracts for review that they wish, or contact the Counsel's department at any time if they have questions about whether the particular contract falls under any of the above categories.

For purposes of this policy, contracts include oral as well as written agreements.

Failure to comply with this policy may result in the Society's refusal to reimburse the expenditure.