

### **Contract Due Diligence Considerations**

When entering into a contract, the University enters into a relationship with another party that offers potential risks and benefits. All University personnel involved with a contract must consider the implications before the contract is negotiated, drafted, approved, or signed. In order to submit a contract, the employee/department must verify that the following, at a minimum, have been considered:

1. Does a contractual relationship with the other party support the mission of the University?
2. What are the potential costs and benefits of the contract? Are such costs and benefits of a one-time or recurring nature?
3. Does the University have the ability to fulfill what would be its obligations under the contract?
4. Does the other party have the ability to fulfill what would be its obligations under the contract? Has the University contracted with this party before? Have other entities that have previously contracted with this party been contacted?
5. Does the individual who will sign the contract on behalf of the other party have the authority to do so? Does the person signing on behalf of the University have proper signing authority?
6. What are the consequences for the University and the other party if either failed to fulfill its respective obligations?
7. Could another unit within the University, or within a University affiliated entity, provide the "to be contracted for" goods or services?
8. Will the contract impact other units at the University beyond the unit responsible for managing the contract? If so, have the appropriate personnel at those other units been notified and their views solicited?
9. Will the contract impact the University affiliated entities? If so, have the appropriate personnel at those entities been notified and their views solicited?
10. Are the term dates of the contract clearly identified?
11. How will the contractual relationship appear to the Board of Trustees, other State agencies, and the general public?
12. The contract does not create an unreasonable risk of harm to the University's mission, reputation, or funds.
13. Will the contract serve in the best interest of the University?

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Policy Owner: Office of General Counsel  
Policy Steward: Assistant General Counsel

History:

Approved 11/12/21

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