

## 2.401 Contract Management

### I. Overview

Risk entails the possibility of injury, damage, or loss. Risk management is the procedure used to minimize possible injuries, damages, and losses, by identifying, assessing, and avoiding/mitigating property, liability, income, and personnel exposures. With regard to procurement, risk management involves managing contractual risk. All contracts, agreements, leases, grants, and cooperative agreements binding the RCUH should be carefully reviewed prior to execution to determine potential liability and exposure. Any foreseen liability or exposure that exceeds what would normally be associated with a particular program, project, activity, and/or contract should be evaluated to determine if such risks can be prevented, reduced, and/or insured against.

### II. Responsibilities

#### **A. Principal Investigator**

Actively engage in risk management by closely reviewing contract language for potential liability and exposure.

#### **B. Fiscal Administrator**

Work with the Principal Investigator and the Project staff to determine potential liability and exposure.

### III. Details of Policy

Perform the following analysis when preparing an award proposal application or drafting a contract:

#### **A. Evaluate the Risks Involved**

1. Who are the parties involved?
2. What type of work is being done?
3. What type of accidents or losses could occur?
4. What is the worst-case scenario in terms of financial loss and/or injury to persons and/or property?

5. Are the responsibilities for the risks appropriately placed with those in the best position to control them?
  6. What is the ability of the parties to manage the risks and absorb the losses?
- B. Make a determination on whether to avoid, transfer, or accept the risks.** Risk transfer can be accomplished through a combination of responsibility, indemnification, and waiver language.
- C. Implement appropriate risk-transfer and/or risk-mitigation mechanisms.** Contact RCUH Procurement for alternate contract language or refer to [Policy 2.203 Vendor Terms and Conditions](#).

#### **IV. Relevant Documents**

[Policy 2.203 Vendor Terms and Conditions](#)

[UH AP 8.400 Risk Management Guidelines and Procedures](#)

**Date Revised:** 2/02/2017