

OFFICE OF THE STATE CONTROLLER
CONTRACT REVIEW TIPS FOR CONTROLLER DELEGATES

Based on the Central Contract Unit's (CCU) experience reviewing State Contracts, CCU recommends that Controller Delegates incorporate the following procedures as a regular part of their contract review:

- 1) **Parties.** Ensure all Parties to the contract are completely and accurately identified, and that such identification is consistent throughout. Compare the introductory section at the beginning of the contract against the signature page.
- 2) **Signature Page.** Check the signature page to ensure proper signatures on behalf of both Parties, especially that of the contractor. Ensure that:
 - a. The signatory's name is printed (most signatures are not legible).
 - b. The signatory's title appears and they have either actual or apparent authority to bind the contractor to this contract (See OSC Policy entitled *Vendor Signature Authority* for a detailed discussion).
- 3) **State Approvals.** Make sure all necessary approvals have been obtained (this includes any required by internal policy at your Agency or IHE). Depending on contract type, these approvals may include OAG, DHR, and OSA.
- 4) **Exhibits-Cross Referencing.** Ensure all referenced attachments are in fact attached, are logically identified, and they cross reference the contract itself. Should the exhibits become separated from the contract, this will assist a third party in determining that the documents belong together.
- 5) **Term.** Check the beginning and ending dates to make sure they exist, that they are clearly specified, and that performance does not appear to have begun before you sign.
- 6) **Payment.** Verify that the amount payable in the contract matches the amount encumbered in your accounting system.
- 7) **SOW.** Read the Statement of Work (what the contractor is to do). You want to ensure it makes sense, that it sets forth what the contractor is to do. Use mandatory language ("contractor shall..."). Do not allow responses to RFPs (or the RFP itself), to be used in lieu of a proper SOW.
- 8) **Changes to Models.** Ask the contract drafter if any changes were made to the standard model contract provisions. If so, review them carefully.
- 9) **Indemnification and Limitations of Liability.** Carefully review any changes to, or additions of, indemnification and limitations of liability provisions. If any exist, ensure that the risks have been analyzed and that benefits outweigh them and that the file contains documentation to that effect.
- 10) **Fair and Reasonable.** Determine if the prices or rates being charged the State "...are in accordance with law or administrative rules or are fair and reasonable..." The first two are fairly easy to determine. Examples of basis for fair and reasonable determinations include contracts awarded after bid, those based on expert opinion such as a real estate appraisal, or comparison against known commodities.