


<b>Category</b>	Contracts, Procurement, and Warehouse	<b>Policy Number</b>	SUP-CPW-02	 جامعة زايد ZAYED UNIVERSITY
<b>Distribution</b>	External	<b>Version</b>	1.0	
<b>Responsible Office</b>	CAFO	<b>Policy Owner</b>	Contracts and Procurement	
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<b>Date Last Reviewed</b>	New Policy	<b>Due Date for Next Review</b>	31 July 2025	

## **POLICY**

### **Third-Party Provider**

#### **1. Purpose**

This policy establishes best practices that Zayed University (“**University**”) must follow when dealing with a third-party provider (“**TPP**”) engagement, from the approval, execution, management, and review/monitoring of the TPP arrangements.

#### **2. Scope of Application**

This policy applies to all departments or units who plan to work with any third parties or enter into any form of contract for a specific reason, such as supplying goods or services.

#### **3. Definition**

<b>Third-Party Provider (TPP)</b>	<p>A person, an organization, or a company that is external to the University that wishes to develop an agreement or contract with the University, its colleges, or units in order to (including but not limited to):</p> <ul style="list-style-type: none"> <li>a) deliver student learning opportunities (such as, non-credit short courses, workforce development, internships; or credit-bearing educational programs);</li> <li>b) provide student support services (such as, advising, or counseling);</li> <li>c) provide marketing, or student recruitment services;</li> <li>d) provide information services on consulting, contract research, licensing, or commercializing Intellectual Property;</li> <li>e) provide administrative support services (such as, campus security, health and welfare, facility maintenance, or food/dining services);</li> <li>f) provide operational or business services (such as procurement, information technology, or human resources);</li> <li>g) supply goods to support University operations.</li> </ul>
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#### **4. Policy**

- 4.1** The University must thoroughly evaluate all TPP engagements that it enters into, and the performance of the TPP must be monitored throughout the term of the engagement.
- 4.2** The University must undertake a due diligence process, as outlined in this policy, before engaging any TPP, thereby making sure that the University only works with credible, reliable, and trustworthy TPPs who are capable of meeting the University's requirements, and of supporting the University Vision and Mission.
- 4.3** If there are stronger standards or rules than those detailed in this policy that the University must follow, the University must adhere to those stricter requirements. In all cases, the ultimate standard for the interpretation of rules and agreements between the University and a TPP must be UAE law.
- 4.4** Should a conflict arise between the University and a TPP, the immediate goal must be to resolve the matter amicably in a manner that is beneficial to both sides. However, if the conflict remains unresolved, it is to be escalated as a legal matter in accordance with UAE law.
- 4.5** The relevant department/unit responsible for a particular engagement must decide which level of due diligence is necessary for each project, based on the requirements of this policy and any other applicable policies and procedures.
- 4.6** The responsible department/unit and the approving authority of the engagement (i.e., the person or body with the authority to approve the engagement) need to ensure everyone follows this policy and the due diligence process.
- 4.7** As and whenever necessary, the University's Intellectual Property and Copyright policies must always be adhered to.
- 4.8** All records, data, and assets associated with the University's engagement with a TPP must be securely stored in accordance with University policies and UAE law. Access may be granted to relevant personnel only.
- 4.9** In all engagements pertaining to academic affairs, the University must always have academic ownership.
- 4.10** Any approvals required under this policy are in addition to any approvals required under any other policies that might apply to the engagement and the University.

#### **5. Due Diligence**

##### **5.1 Due Diligence Process**

A due diligence process must be undertaken by the University before entering into any engagement that has (or may have) a total aggregate contract value of AED 50,000 or more. This is referred to as a "**Diligence Review**". However, there are two (2) situations when this process is not necessary:

- a)** if the proposed engagement is a continuation of an existing project or relationship,

- b) if the University has already assessed the proposed TPP within the last year for a similar activity.

Engagements must not be structured or split simply to avoid the AED 50,000 threshold.

## 5.2 Due Diligence Assessment

Due diligence assessments typically remain valid for a maximum of one (1) year. However, the University may decide to conduct a re-assessment in a shorter time period if:

- a) new risks in relation to the TPP appear that have not been properly identified,
- b) the risk control strategies are proven to be ineffective by recent events,
- c) the TPP's circumstances have changed considerably, or
- d) a shorter period is deemed more suitable.

## 5.3 Key Due Diligence Principles

When carrying out due diligence of a TPP, the following key due diligence principles must be applied to each Diligence Review using a risk-based approach:

- a) **Legal Compliance:** The TPP must follow all applicable laws, rules, and industry standards.
- b) **Ethical Conduct:** The TPP must operate with integrity and avoid any unethical or illegal activity.
- c) **Ability:** The TPP needs to be able to provide services that meet the University's standards.
- d) **Reputation:** The TPP or the engagement must not damage the University's reputation. If there are any concerns about reputation, the Vice-President must be consulted.

## 5.4 Diligence Review

- 5.4.1 The responsible department/unit must determine the scope and depth of each Diligence Review.
- 5.4.2 Each Diligence Review needs to match the level of risk and value of each potential engagement, while also finding a balance between protecting the interests of the University and doing what is best for the University.
- 5.4.3 Each Diligence Review must include at least two (2) phases: "**Preliminary Due Diligence**" and "**Further Due Diligence.**"

## 5.5 Preliminary Due Diligence

- 5.5.1 Understanding who the University's partners or service providers are is important for managing the University's legal, commercial, operational, or other risks. The University cannot conduct business with entities that are anonymous, fictitious, or have unclear identities that do not meet the University's expectations.
- 5.5.2 In order to understand who a potential partner is and the risks they pose, the University must conduct an appropriate level of due diligence before working with them.
- 5.5.3 The Preliminary Due Diligence conducted for a TPP must at least include the requirements set out for the prequalification and registration of a supplier according to the University's policy on Procurement.

**5.5.4** In addition to these minimum requirements, where possible and appropriate, the University should also try to obtain the following information about a potential TPP:

- a) company name, parent company details (if applicable), company registration number, tax number, and website URL,
- b) registered office address and head office address,
- c) a copy of the certificate of incorporation (or equivalent),
- d) an official extract of the register of companies (or equivalent),
- e) the articles of association of the company (or equivalent),
- f) names of the directors and executive management,
- g) names of the beneficial owners of the TPP who have more than a 10% ownership in the third party,
- h) understanding the ownership and control structure of the business,
- j) contact details of the person who is the single point of contact,
- k) the list of people authorized to sign on behalf of the TPP and relevant confirmation of those rights,
- m) the last two (2) years' worth of financial statements and audit reports (cash flow, balance sheet, and profit and loss account),
- n) source of funds of the TPP,
- p) nature and history of the TPP's business activities,
- q) relevant information in relation to sanctions implemented by the USA, EU, UN, and/or World Bank,
- r) identifying if the TPP is prohibited by way of sanctions implemented by the USA, EU, UN, and/or World Bank.

**5.5.5** This information should come from reliable and independent sources, documents, data, and/or information.

**5.5.6** The Preliminary Due Diligence review of a third party being considered for an engagement should be aligned with the requirements and timing set out in the University's policy on Procurement.

## **5.6 Initial Diligence Review Report**

**5.6.1** After completing Preliminary Due Diligence, the responsible department/unit must prepare the "**Initial Diligence Review Report**," which outlines the following:

- a) Background information about the engagement, which includes the description, purpose, budget, structure, and timeline for proceeding with the proposed engagement.
- b) A summary of the Preliminary Due Diligence findings, and the reasoning for the scope of the review conducted. The identification of key risks associated with the potential TPP engagement (including in relation to bribery, corruption, fraud, politically exposed persons, conflicts of interest, resource limitations, geographical location, and reputational concerns).
- c) Scope of Further Due Diligence and justification for its extent, which includes an approach to address the key issues and risks and ensure that the TPP meets the key due diligence principles (as set out in Article 4.3 above).

**5.6.2** The Initial Diligence Review Report must be approved by the relevant approving authority for the engagement, and its approval will determine if

the review of the engagement with the proposed TPP will proceed to the Further Due Diligence phase.

## **5.7 Further Due Diligence**

- 5.7.1** The Further Due Diligence review seeks to ensure that the TPP and the engagement follow the key due diligence principles (as set out in Article 4.3 above).
- 5.7.2** This review must be based on the approach set out in the Initial Diligence Review Report.
- 5.7.3** The review must address any risks to the TPP's adherence to the key due diligence principles, which may include:
  - a) Identified Risks:** Checking for further information on identified risks and issues from the Initial Diligence Review Report or any previously undiscovered information.
  - b) Capabilities:** Investigating the TPP's financial and operational capabilities.
  - c) Integrity Due Diligence:** Conducting background checks to identify any business integrity risks.
  - d) Review of Documents:** Reviewing relevant transaction documents with the Legal Department to identify potential risks to the proposed engagement.
  - e) Feasibility Studies:** Conducting any necessary feasibility studies.

## **5.8 External Support**

- 5.8.1** In most cases, the University can conduct due diligence itself, without needing help from external advisors.
- 5.8.2** However, sometimes, if the engagement is risky or of high value, external advisors may be needed. Whether external advisors are needed will be decided on a case-by-case basis, taking into account the level of risk involved for each individual engagement.
- 5.8.3** If external advisors are required, their appointment must be approved by the relevant approving authority and must comply with all applicable policies and procedures.
- 5.8.4** The need for external advisors will be discussed during the Preliminary Due Diligence phase, and the responsible department/unit must always be responsible for the due diligence process, even if external advisors are used.

## **5.9 Final Report**

- 5.9.1** After completing the Further Due Diligence Review, the responsible department/unit must determine if they can recommend proceeding with the engagement with the TPP to the approving authority. If they can, they will update the Initial Diligence Review Report to create the Final Report. The Final Report must include:
  - a)** overview of the diligence conducted,
  - b)** justification for the scope of the review,
  - c)** confirmation that the engagement follows the key due diligence principles,
  - d)** details of any risks to adherence and mitigation measures to be taken to address such risks,
  - e)** business case for proceeding with the engagement,

- f) an action plan for ensuring compliance with University policies, and
  - g) a recommendation.
- 5.9.2** The Final Report must be approved by the relevant approving authority. The engagement can only proceed once the Final Report has been approved.

## **6. Formalizing an Engagement**

- 6.1** After the Final Report has been approved, a written contract can be prepared/finalized to formalize the engagement with the TPP. The contract must cover the scope, terms and conditions, and payment terms of the engagement. It must protect the University against any risks identified in the diligence review process and it should also comply with legal and regulatory requirements.
- 6.2** The University's policies and procedures must be followed when preparing and finalizing the contract.

## **7. Monitoring**

- 7.1** The following steps must be followed by the responsible department/unit during the term of the contract:
- a) **Monitoring Schedule:** Set up a monitoring schedule for monitoring the TPP based on the level of risk associated with the third party and the services being provided (to include regular monitoring intervals, such as monthly or quarterly, as well as specific monitoring activities to be conducted during each interval). The monitoring schedule must be agreed with the relevant approving authority for the engagement.
  - b) **Performance Monitoring:** Monitor the TPP's performance in accordance with the monitoring schedule to ensure that the TPP is meeting the University's expectations.
  - c) **Compliance Monitoring:** Monitor the TPP's compliance with the contract terms and conditions and applicable laws and regulations.
  - d) **Reporting:** Report any deviation from the University's standards to the relevant approving authority and take appropriate action if necessary. Periodic reports on the performance of the TPP must also be provided to the relevant approving authority (in accordance with the monitoring schedule).
  - e) **Document Monitoring Activities:** Document all monitoring activities, and ensure that the documentation is maintained in a secure location, and made available for review by relevant persons at the University.
  - f) **Contract Renewal:** Before renewing the contract, review the TPP's performance to ensure they still meet the University's standards.
- 7.2** It is also important that the responsible department/unit regularly reviews the risks associated with any TPPs engaged. These reviews must happen at least once a year, but more often if new risks arise, or if there are any changes in the TPP's circumstances.
- 7.3** In addition to the monitoring requirements set out above, the responsible department/unit must ensure that the performance and engagement of each TPP is monitored and assessed in accordance with the requirements of the University's quality assurance framework.

**8. Related Policies and Laws**

- SUP-CNP-01 Procurement and Warehouse Management
- UNI-LEG-301 Copyright
- UNI-LEG-302 Intellectual Property

**9. Administration**

This policy is administered by the Contracts and Procurement Department.

**10. Revision History**

<b>Date</b>	<b>Revision</b>
21 February 2024	Approved by the Board of Trustees.
31 January 2024	Endorsed by the CAFO.
30 January 2024	Endorsed by a joint session of the Provost's and Academic Councils.
22 January 2024	Presented to the Deans' Council with recommendations for revisions before being presented again. ( <i>Actions completed</i> )
23 October 2023	New policy drafted.