



CONTRACT MANAGEMENT HANDBOOK



Office of the Attorney General

Contract Management Handbook

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About This Handbook

The purpose of this handbook, as required by Texas Government Code, §2261.256(b), is to document contracting policies and practices consistent with the *State of Texas Contract Management Guide (Guide)* to be followed by the Office of the Attorney General (OAG). The activities contained in this document will occur as applicable to a specific contract. This document provides the global principles for contract management that are further defined in processes and procedures at the division level. There may be policies and/or procedures contained in the *Guide* that are not found in this document. In the event that the information in this document contradicts mandatory requirements of the *Guide*, the *Guide* shall prevail. These standardized processes are intended to promote the efficient use of resources and to provide transparency and accountability into the OAG's expenditure of public funds.

The contents of this handbook (including associated processes, forms, and templates) are subject to change. The contents are not intended in any way to grant any entitlement or right to any individual or entity. The contents do not constitute a basis for contesting any bid, offer or proposal made, granted or awarded by the OAG.

Version History

Table 1: Version History summarizes changes made to versions to this manual.

Table 1: Version History

Version	Date	Author(s)	Location of Change/Description
.01	7/15/2015	Christy Webb, Colleen Berkley	Initial version created from CS Contract Operations Contract Management and Contract Monitoring Business Process documentation.
.02	7/24/2015	Colleen Berkley	Changes from workgroup meeting on July 22, 2015.
.03	7/30/2015	Christy Webb, Colleen Berkley	Changes from workgroup meeting on July 28, 2015
.04	8/10/2015	Colleen Berkley	Additional edits received from workgroup members.
.05	08/19/2015	Colleen Berkley, Christy Webb	Changes from meeting with workgroup members and IAD in August 19, 2015.
.06	09/30/2015	Colleen Berkley	Final workgroup edits.
.07	05/31/2016	General Counsel Division	Edits, formatting.
.08	06/09/2016	Christy Webb	Version control, style consistency edits.
1.0	06/09/2016	Christy Webb	Created published version 1.0.

Acronyms and Definitions

When capitalized, the following terms have the meaning set forth in Table 2: Acronyms and Definitions. All other terms have the meaning set forth in the *Merriam Webster's Collegiate® Dictionary*, Eleventh Edition.

Table 2: Acronyms and Definitions

Term/Acronym	Definition
Contract	A written agreement where a contractor provides goods or services and the agency pays for such goods and services in accordance with the established price, terms, and conditions. For purposes of this handbook, the term may include: (1) grants, (2) interagency contracts, (3) interlocal agreements, and (4) no-cost agreements.
Contractor	A business entity or individual that has a contract to provide goods or services to the State of Texas. This term is used interchangeably with the term "Vendor."
Remedy	Also referred to as Liquidated Damages. A specified contract provision that entitles the state to demand a set monetary amount determined to be fair and equitable repayment to the state for loss of service, among other things, due to the vendor's failure to meet contract requirements.

1 Contract Management Overview

It is the policy of this agency to avoid any and all conflicts of interest and to provide transparency to the citizens of Texas.

All OAG staff working on procurements and/or contracts shall perform their responsibilities with the highest integrity throughout the contract life cycle. Prior to participating on a procurement or contract project, potential team members must sign the necessary non-disclosure statements. Additional forms, such as the State Auditor's Office *Disclosure Statement for Purchasing Personnel* and recusal forms may be required at later stages of a procurement and contract project. OAG staff is encouraged to review non-disclosure statements, ethics training, and other documents which reference the applicable statutes. The Texas Ethics Commission also provides guidance and interpretation of applicable statutes.

The General Counsel Division and the Child Support (CS) Legal, Policy, and Program Operations Division play a significant role throughout the contract management lifecycle by providing legal advice to the Contract Management Team (CMT). Depending on the situation, review and approval by the General Counsel Division and/or the CS Legal, Policy, and Program Operations Division may be required prior to final action by the CMT.

2 Contract Management Team Roles and Responsibilities

2.1 Contract Management Team (CMT)

A Contract Management Team (CMT) performs the daily activities associated with managing a contract – planning, procurement, contract formation and contract oversight. The team may be comprised of one (1) or more individuals with the functional titles of, for example, Contract Manager, Contract Administrator, Project Manager, Contract Lead, or Contract Specialist and can have a variety of classification titles. The CMT structure may change depending on a number of contract variables such as:

1. Contract complexity and/or dollar value.
2. Level of risk.
3. Specific services and deliverables.
4. Level of monitoring.
5. Documentation and records retention.
6. Level of reporting.

For each contract (or in some cases, each group of similar contracts), a CMT is established that may perform the following functions:

1. Participates in the creation of clearly defined contract deliverables, contract management activities, and contract performance indicators throughout the procurement process.
2. Performs contract start-up activities.
3. Works with stakeholders within the context of performing ongoing contract management activities to meet contract requirements.
4. Ensures that OAG business objectives are met throughout the life of the contract.
5. Establishes, implements, maintains, and manages contract management processes documented in the *Guide*.
6. Monitors contract activities and measures performance.
7. Maintains contract documents.
8. Performs appropriate tasks to ensure efficient contract transition.
9. Manages communication.

NOTE: Staff may perform other functions that are not contract management related and will not be covered in this document.

3 Contract Procurement

NOTE: Not all procurement activities contained in this section are applicable to grants, interagency contracts, interlocal agreements, and no-cost agreements.

3.1 Contract Planning

The CMT determines if a business need should be addressed with a new solicitation or if the need continues and an expiring contract should be procured again. In the planning phase, the team must clearly identify general contracting objectives, assumptions, and constraints.

3.2 Procurement

A procurement project team may be formed during the solicitation planning phase. The team may include members from the business area needing contracted services and other areas specializing in the administrative aspects of procurement and contracting (e.g., Contract Operations, Contracts and Asset Management, Procurement and Grant Operations, General Counsel and CS Legal, Policy, and Program Operations Divisions).

The procurement project team may develop a solicitation document, evaluate bidders and the proposed solutions, and award a contract in accordance with the planned goals and objectives.

3.3 Contract Formation

The OAG executes a written contract to serve as a reference document that records the terms of an agreement to prevent misunderstanding and conflict as to those terms at a later date, and creates a legal, binding and enforceable obligation.

4 Contract Oversight

NOTE: Not all activities are applicable to all contracts, grants, interagency contracts, interlocal agreements, and no-cost agreements.

Contract Oversight includes budget management, risk management, communication, and contract monitoring.

4.1 Budget Management

Budget Management includes adjusting and tracking the budget, and reporting information regarding the budget, purchase orders, and invoices to management or others as required. In this section, the term *budget* refers to funds allocated to a specific contract or business area for financial management.

4.2 Risk Management

The CMT reviews contracts to assess risk for security incidents and contract non-compliance. The CMT identifies issues or risks associated with a given contract using various risk assessment methods. Results of any risk assessments are used by the CMT to determine the frequency of contract monitoring.

4.3 Communication

The CMT manages contract communications and ensures significant contract events are captured, emails are retained, and contract issues are tracked. Written communications between the OAG Contract Manager and the Contractor's representative via electronic and paper means are types of contract communications.

4.4 Contract Monitoring

The CMT will determine the appropriate levels and methods of Contract monitoring which may include evaluating accountability, performance, compliance with applicable law, rule, and policy. Monitoring contracts includes validating deliverables and Service Level Agreements (SLAs) to ensure contract requirements are met.

4.4.1 Remedy Assessment

The CMT assesses Remedies and requires a corrective action plan when necessary.

4.4.2 Site Visits and Desktop Reviews

The CMT reviews the Contractor's processes and procedures that support an executed contract. Conducting site visits and observing the work being performed are methods that may be used by the CMT to validate that all contract requirements are met and to identify potential risks. Site visits and desktop reviews are performed in addition to reviewing the output of a Contractor's product or service.

4.4.3 Enhanced Contract and Performance Monitoring

The CMT conducts a risk assessment to identify contracts that require enhanced contract or performance monitoring and reports information on these contracts to the First Assistant Attorney General at least quarterly. In case any serious issue or risk is identified with respect to a contract, the First Assistant Attorney General is notified immediately.

4.4.4 Contract Performance Reporting

The CMT may provide periodic contract performance reports. Reporting frequency and level of detail vary by contract complexity.

The CMT may generate detailed and summary level reports to identify trends and potential performance issues.

The reporting process can:

1. Establish criteria for reportable events.
2. Identify the appropriate content for a specific audience or purpose.
3. Promote awareness of issues from staff to management.

4.4.5 Contract Review Process

The contract review process should occur:

1. As part of routine contract management to determine if adjustments or early terminations are needed.
2. For each contract to consider if renewal, expiration, termination, or a new procurement is needed.

5 Contract Closeout Process

Once a decision is made to terminate a contract, the closeout process proceeds. The CMT works with stakeholders and the Contractor to ensure close-out steps are taken.