A black and white photograph of two horses rearing up in a field. The horse on the right is in the foreground, rearing up on its hind legs with its front legs tucked up. The horse on the left is also rearing up, slightly behind and to the side. The background shows a grassy field with some trees and a building in the distance.

MSUTexas

Contract Management Training



Introduction:

Contract management is the process of directing contract planning, formation, execution, and assessment through closeout to maximize financial and operational performance and minimize risk. Good contract management procedures are critical to the efficient and effective use of public funds for Midwestern State University (MSU) to achieve its mission.

MSU Policy 2.24 (Approval and Execution of University Contracts) establishes the authority for the University to approve and execute contracts and requires the University's administration to develop and implement this *MSU Contract Management Handbook* for all contracts.

[https://msutexas.edu/human-resources/policy/2-organization/2.24-Presidents Office.asp](https://msutexas.edu/human-resources/policy/2-organization/2.24-Presidents%20Office.asp)

The information contained in this *MSU Contract Management Handbook* complies with Section 2261.256 of the *Texas Government Code* which requires MSU, as a state agency, to publish a contract management handbook that establishes consistent contracting policies and practices and contract review procedures to be followed by MSU and that is consistent with the State Comptroller's contract management guide.

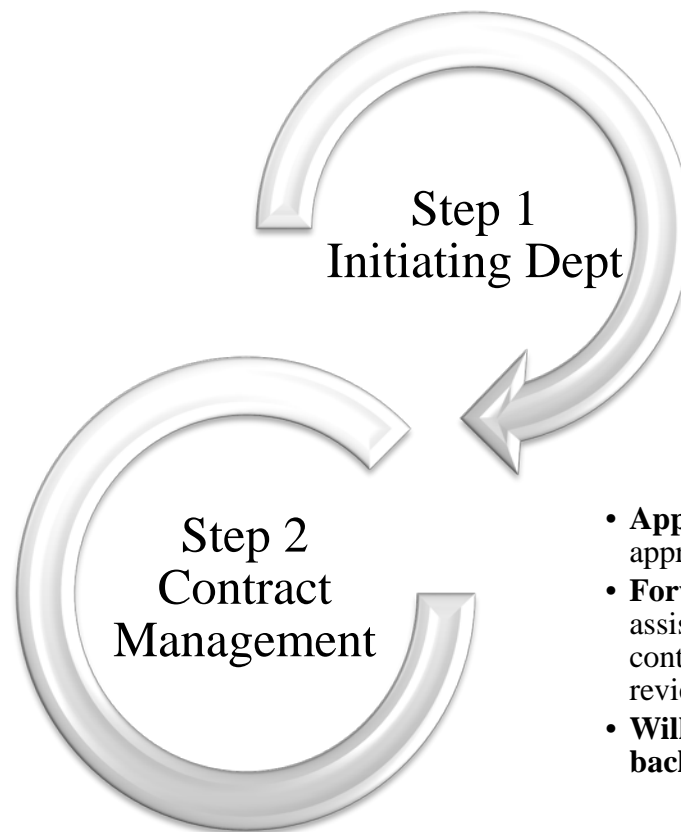
Contract Management

- Objective:
 - Contract Definition
 - Contract Routing Process
 - Completing Contract Routing Sheet
 - Completing Risk Assessment Matrix
 - Delegated Signature Authority for Purchasing Contracts
 - Legal Review
 - Compliance/Monitoring

Contract Definition

- **Contract**: an agreement between two or more parties who intend to create legally enforceable obligations.
- **Types of contracts including, but not limited to:**
 - agreements
 - easements
 - grants
 - leases
 - letters of intent
 - licenses
 - memorandums of understanding
 - purchase orders
 - terms and conditions
 - Renewals
- **These contract management procedures apply to:**
 - Any type of contract that binds MSU and/or obligates MSU to provide payment, services, goods, or use of MSU property, facilities or other resources; and
 - Any amendment, alteration, change, change order, correction, extension, modification, renewal of a signed contract, or a subsequent services contract.

Contract Routing Process



- **Contract Routing Sheet:** identify contracting objectives and contracting strategy
- **Risk Assessment Matrix**
- **Sole Source if applicable:** fairly and objectively select the most qualified contractors
- **Log:** keep a log for all major contracts and major purchase orders and monitoring contracts.

- **Approval process:** responsible for ensuring that approval by the appropriate department(s) and supervisor(s)
- **Forward to Contract Management Office for review.** They will assist the initiating department's contract liaison with negotiating contract terms and conditions and the preliminary preparation and review of the contract.
- **Will obtain signatures and return a fully executed agreement back to Liaison.**

The Contract Liaison

- The Contract review process starts with the initiating department's Liaison
- Contract Liaison responsibilities
 - ✓ assisting in planning and developing contract objectives
 - ✓ ensuring proper completion of the *Risk Assessment Matrix* (Appendix A)
 - ✓ ensuring proper completion of the *Contract Routing Sheet* (Appendix B)
 - ✓ monitoring progress and performance and ensuring proper completion of the *Vendor/Contractor Performance Report* (Appendix C)
 - ✓ authorizing payments consistent with contract documents
 - ✓ maintaining appropriate records.

Contract Signature Authority

Contract Term	Signature Approval
Contract signature authorization for contracts approved by the Board of Regents, unless otherwise specified by the Board	President or President's designee
Contract signature authorization for contracts of \$500,000 or more per year related to: the acceptance of bequests, gifts, or grants to the University, other than real property, in accordance with University policies and procedures; and interagency agreements for the purchase of electricity and natural gas through the Texas General Land Office's state energy marketing program	President or President's designee
Contract signature authorization for all contracts of \$100,000 or more but less than \$500,000 per year	President or President's designee
Contract signature authorization for all contracts related to the purchase, sale, or encumbrance of a mineral interest in real property having a monetary cost or value of less than \$100,000	President or President's designee
Contract signature authorization for all contracts and notices of employment for University personnel	President or President's designee
Contract signature authorization for licenses or other conveyances of intellectual property owned or controlled by the University	President or President's designee
Contracts for professional and consulting services	President or President's designee
Contract signature authorization for all contracts of less than \$100,000 per year	President or Appropriate Vice President
Contract signature authorization for all contracts involving grants for sponsored research, including institutional support grants, and all non-monetary affiliation and clinical agreements	President or Provost and Vice President for Academic Affairs
Contract signature authorization for all non-monetary affiliation and clinical agreements	President or Provost and Vice President for Academic Affairs
Contract signature authorization for all contracts for information technology	President or the Vice President for Administration & Finance

Risk Assessment Matrix

MSU is required under Section 2261.256 of the *Texas Government Code* to develop and comply with a purchasing accountability and risk analysis procedure that must provide for:

- assessing the risk of fraud, abuse, or waste in the contractor selection process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which MSUTexas contracts;
- identifying contracts that require enhanced contract monitoring or the immediate attention of contract management staff; and
- establishing clear levels of purchasing accountability and staff responsibilities related to purchasing.
 - ✓ Performing risk assessments helps to determine the level of oversight and participation MSUTexas will need.
 - ✓ Performing a risk assessment is an ongoing process throughout the life of the contract.

Monitoring Contracts

➤ Appointment

- ✓ When a contract is executed in accordance with these procedures, the designated employee from the University department initiating the contract is appointed as the contract liaison and is responsible for monitoring the contract for proper execution and performance from the start date of the contract through completion and final payment.

➤ Role and Responsibilities

- ✓ The contract liaison is responsible for monitoring that contract requirements are satisfied, goods and services are delivered in a timely manner, safety and risk issues are addressed, and required payments are made. The contract liaison is also responsible for striving to resolve discrepancies and timely reporting of any unresolved discrepancies and/or problems to the administrator who signed the contract and the Vice President for Administration and Finance.

➤ Monitoring Procedures

- ✓ The procedures a contract owner uses will vary depending on the size, level of risk, and complexity of the contract.
- ✓ Contracts less than \$25,000 should be monitored for performance to ensure goods and services conform to the contract requirements. The contract management coordinator will report to the applicable contract liaison the status on all open contracts less than \$25,000 at the close of each fiscal year and/or upon completion of the contract.
- ✓ A higher degree of monitoring is required for contracts **\$25,000 and above**. For these contracts, the contract liaison should review the contract to identify deliverables and develop a monitoring plan/checklist for each contract taking into account the level of risk.

Appendix C
Midwestern State University Vendor/Contractor Performance Report

Instructions: This form is required to be prepared by the Contract Liaison and then submitted to the MSU Purchasing/Contract Management Office. For less than satisfactory evaluations or unacceptable evaluations, a copy will be submitted to the Contractor/Vendor. Supporting documentation of correspondence with Contractor/Vendor shall be attached to this evaluation form for record.

Part I - GENERAL CONTRACT DATA					
Contract No. (not project number)		Contract Date		Today's Date	
To: Vendor Name, Address, Fax number, VID Number			From: Department Name and Address (please include contract name, phone number, and e-mail address)		
Description and location of work:					
<u>FISCAL DATA</u>	<u>Amount of original Contract</u>	<u>Amount of Modifications (+ or -)</u>	<u>Liquidated Damages Assessed (if any)</u>	<u>Net Amount Paid to the Contractor</u>	
<u>SIGNIFICANT DATES</u>	<u>Date of Award</u>	<u>Original Contract Completion Date</u>	<u>Revised Contract Completion Date</u>	<u>Date Work Accepted</u>	
Type and Extent of Subcontracting					
Part II - PERFORMANCE EVALUATION OF CONTRACT					
<u>PERFORMANCE ELEMENTS</u>	<u>A (90% - 100%)</u>	<u>B (80% - 89%)</u>	<u>C (70% - 79%)</u>	<u>D (60% - 69%)</u>	<u>F (0% - 59%)</u>
Quality of Work					
Timely Performance					
Effectiveness Of Management					
Compliance with Labor Standards					
Compliance with Safety Standards					
Overall Evaluation					
Detailed explanation (Please be specific; attach additional sheets if required):					

Vendor Performance Report

The appointed Liaison should check with the individual who worked closely with the vendor, and fill out the sections that apply.

If you are unsure of an answer, leave blank or put "N/A".

VPR must be signed, and sent to the Contract Management Office.

All Contracts >\$25K, require a Vendor Performance Report, as per Section 2155.089 of the Texas Government Code.

Administrative Head or assigned Contract Liaison

Office of Purchasing/Contract Management Signature

Purchasing & Contract Management Website

- The Purchasing and Contract Management website is your one stop link to everything purchasing and contract/agreement related. The website includes:
 - ✓ Current Bid Opportunities
 - ✓ Purchasing Resources & Forms
 - ✓ Contract Management Information
 - ✓ Warehouse and Surplus Inventory
 - ✓ Procurement Card Information
 - ✓ Preferred Vendors
 - ✓ Purchasing Transparency Report
 - ✓ Contract Transparency Report
 - ✓ Links to Purchasing Policies and Guidelines
 - ✓ FAQ's
 - ✓ Purchasing Directory

 - ✓ www.msutexas.edu/purchasing/

Contract Management Office

The responsibilities of the Contract Management Office include:

- verifying all contracts are compliant with MSU Policies & Procedures, Texas State Laws;
- ensuring that all contracts are reviewed and signed by the appropriate personnel;
- serving as the repository for MSU Texas contract processed through the Contract Management Office;
- maintaining contracts in accordance with state retention laws and policies and MSU's records management policy and records retention schedule (MSU Policy 4.125);
- verifying that bonds and insurance are provided by the contractor;
- ensuring that the liaisons of the contract have the executed copy of the contract documents;
- ensuring that all state contract reporting requirements are completed in a timely manner and proper form;
- providing contract management training to University personnel and departments.

Contract Management Contacts

- Tracy Nichols – Director of Purchasing/Contract Management
- tracy.nichols@msutexas.edu
- 397-4277

- Joe Mrugalski– Asst. Director of Purchasing/Contract Management
- joe.mrugalski@msutexas.edu
- 397-4095

- Clinton Loggins – Contract Coordinator
- clinton.loggins@msutexas.edu
- 397-4041

