



### 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

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**

• <u>Contract:</u> 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

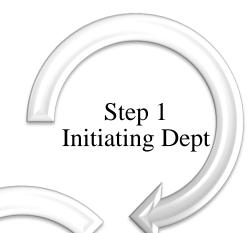
- licenses
- memorandums of understanding
- purchase orders
- terms and conditions
- Renewals

### 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 <u>if applicable</u>: fairly and objectively select the most qualified contractors
- **Log**: keep a log for all major contracts and major purchase orders and monitoring contracts.

Step 2
Contract
Management

- **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 Management and the Routing Sheet

MPOPATANT: Contract are to be signed by the delegated authority after the completion of this review process.   Other:		U CONTRACT R			
Revenue Account Number:   Date Routed:				this review process.	
Exposes Account Number:   Date Routled:   Vendor Code:		Change Order		at-	
Departments shall complete this form in its entirety. Indicate non-applicable items by N/A.				a	
Contract Period:    Does Contract Renew? Yes   No   If so, When:			Vendor Code:		
Contract Period:  Does Contract Renew? Yes Do D If so, When:  Contract Deliverables:  Board of Regents (BOR) Approval Required: Yes D N D Meeting Date:  This contract must go to the 30 Kit. it is 150,000 or greater per yes (except bequests, gifts, or grants, or a flats using yapeument), or gravious acquisition, purchase acts of all property frequent mineral laws than \$100,000, or 20 years (except will of day or the six casculation notice or mineral laws has than \$100,000, or 30 mineral laws than \$100,000, or 30	Departments shall complete to	his form in its entire	ty. Indicate non-appl	icable items by N/A.	
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Date    Proposed required on all contracts for reporting departments/grants   Scoolate Vice President   Date	Initiating Dept.'s Designated Contract Liaison/Monit	or		Date	
Associate Vice President   Date	Other Dept. Supervisor(s) Contributing Personnel/Ser	rvices		Date	
Associate Vice President  Appropriate				Date	
Appropriate Vice Persident  Appropriate Vice Appropriate  Appropriate Vice Persident  Appropriate Vice Persident  Appropriate  Ap		rants			
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When to begin the routing process:

- If the document requires a signature, it must be routed. Does it obligate or commit the University?
- Contracts must be reviewed and approved by the initiating department. The contract routing sheet captures this approval.
- Only specific University officers and employees are authorized to enter into an agreement (sign) on behalf of the University, as per MSU Policy 2.24 (Approval and Execution of University Contracts). <a href="https://msutexas.edu/human-resources/policy/2-organization/2.24-Presidents">https://msutexas.edu/human-resources/policy/2-organization/2.24-Presidents</a> Office.asp

If at any time, the liaison or department is unsure what needs to be done, please contact Contract Management at x4041, clinton.loggins@msutexas.edu



# **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.



# Risk Assessment Matrix

#### Risk Assessment Matrix (RAM)

Table 1: Evaluation Criteria

Factor	Low	Medium	High	Extremely High
	1	2	3	4
Total Cost	<\$25k	>= \$25k but <\$100k	>= \$100k but <\$1 million	>\$1 million
Type of Contract	Interagency, MOU or	Contract less	Consulting,	Major
Purchase	Interlocal	than 25k	Emergency, Sole Source,	informat ion technolo
			Proprietary, or Construction > \$25k	gy purchase
Payment Type/Structure	Fixed price or contingency	Rate or Fee for Services	Cost Reimbursement >= \$100k but <\$1 million	Cost Reimbursement
Essential MSU Function	Contract services are not essential to MSU's	Contract services are moderately essential	Contract services are essential to MSU's	Contract services are
runction	mission	to MSU's mission	mission >= \$100k but <\$1 million	essential to MSU's mission
Percentage of Services Performed by Subcontractors	No Subcontractor involvement	Subcontractors account for less than 50% of contract work performed	Subcontractors account for 50% to 75% of contract work performed	Subcontractors account for more than 75% of contract
Stability & Experience of Vendor's Key	No recent change and significant experience	No recent change, but not significant	Recent change and not significant	Recent change and less than 1
Management		experience; or recent change but significant experience	experience	year of experience
Compliance History	No issues of non- compliance	Moderate instances of non- compliance	Substantial finding of non-compliance	Substantial finding of non- compliance –
Past Programmatic Performance	Met or exceeded all output and outcome measures	Met 90% or more but less than 100% of output and outcome measures	Met 75% or more but less than 90% of output and outcome measures	Met less than 75% of output and outcome
Audit Results	No audit required or no issues or findings in audit(s)	Moderate issues or findings in audit(s)	Substantial issues or findings in audit(s)	Substantial issues or findings in audit(s)
Number of Years Vendor in Business	More than 5 years	3 to 5 years	1 to 3 years	Less than 1 year
Performance Measures	Contract contains multiple defined and measurable performance	Contract contains at least one clearly defined or measurable performance measure	No performance measures included in contract >= \$100k but <\$1 million	No performance measures included in
Deliverables	Contract contains multiple deliverables that are clearly defined	Contract contains at least one clearly defined deliverable	No deliverables included in contract	No deliverables included in contract
Financial Reports Required	>= \$500k but <\$1 million – substantial financial reports required	>= \$1 million but <\$1 million – substantial financial reports required	>= \$1 million - minimal financial reports required	>= \$1 million - no financial reports

MSU OGC: last revised 12/11/2018

Table 1A:

Evaluation Table (Use the criteria in Table 1 to determine the score for each factor and total up the scores.)

Project Name:		
Factor	Comments	Score
Total Cost		
Type of Contract Purchase		
Payment Type/Structure		
Essential MSU Function		
Percentage of Services Performed by Subcontractors		
Stability & Experience of Vendor's Key Management		
Compliance History		
Past Programmatic Performance		
Audit Results		
Number of Years in Business		
Performance Measures		
Deliverables		
Financial Reports Required		
Other		
	TOTAL	

Table 2: Risk Assessment Matrix (Use the scores provided in Table 1A to determine the level of risk.)

Risk Leve	Risk Level Point Range		Description		
Extremely High Risk	E	40-52	Projects include unexpected levels of risk, including critical issues that are likely to occur if the contract is not properly managed. Contract management staff must consider possible contract risks, document and include them in the contract management plan and determine how risk will be monitored.		
High Risk	н	27-39	Projects contain potentially serious risks that may occur. The contract management plan must include language that ensures proactive strategies to reduce risk and the method of monitoring the risk.		
Medium Risk	М	14-26	Projects contain some level of risk that may occur. Contract management staff should consider if a contract management plan is required. If a contract management plan is not required, the purchaser will identify and document with an explanation of how risks will be managed. This information will be maintained with other contract documentation.		
Low Risk	L	0-13	Projects contain minimal risks and are unlikely to occur. Contract management staff can proceed with contracting as planned.		
Summary of Risk	Summary of Risk Management:				
Risk Mitigation F	lan:				

MSU OGC: last revised 12/11/2018

Contract Liaison/Monitor



# **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.



#### <u>Appendix C</u> Midwestern State University Vendor/Contractor Performance Ren

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.

To Vender Name, Address, Fax number, VID Number  To: Vender Name, Address, Fax number, VID Number  From: Department Name and Address (please include contact name, plone number, and e-mail saless)  Pescriptions and location of work.  FISCAL DATA  Amount of description Countered Modifications of original Countered Modifications of original Countered Modifications of original Countered Modifications of original Countered Countered General Countering Date Work Accessed  FISCAL DATA  Date of Award Original Countered Countered Countered General Countered General Countered Countered General Countered Gener	Part I – GENERAL CONTRACT DATA									
PERFORMANCE PLEASENTS A 090%-100% B 000%-594% C 000%-594% D 060%-594% E 004%-594% C 000% C 00	Contract No. (not project mumber) Contract Date Today's Date									
Amount of Amount Paid to the Contract Officers of Amount										
FISCAL DATA  original Contract  Modifications: (+ or -)  Annexed (if amr)  Contractor  SIGNIFICANT DATES  Type and Extent of Subcontracting  Part II - PERFORMANCE EVALUATION OF CONTRACT  PERFORMANCE ELEMENTS  A 0904s - 100440 B 0804s - 39440 C (7004s - 7944) D (6004s - 59440) E (004s - 59440)  Quality of Work  Timely Performance  Effectiveness of Management  Compliance with Labor Standards  Compliance with Safety Standards  Compliance with Safety Standards  Compliance with Safety Standards	Description and location of work:									
SIGNIFICANT DATES  Type and Extract of Subconfracting  Part II - PERFORMANCE EVALUATION OF CONTRACT  PERFORMANCE ELEMENTS A 090% - 100% B 080% - 39% C (700% - 79%) D (600% - 59%) F (00% - 59%)  Quality of Work  Timely Performance  Effectiveness Of Management  Compliance with Labor Standards  Compliance with Safety Standards  Compliance with Safety Standards	FISCAL DATA	Amount of original Contrac	<u>m</u>	Amount of lodifications (+ or -)						
Part II - PERFORMANCE EVILUATION OF CONTRACT  PERFORMANCE ELEMENTS A 690% - 100% B 680% - 59% C (70% - 79%) D (60% - 59%) F (0% - 59%)  Quality of Work Timely Performance Effectiveness Of Management Compliance with Labor Standards Compliance with Safety Standards Overall Evaluation	SIGNIFICANT Completion Date Date					Date Work Accepted				
Quality of Work Timely Performance Effectiveness Of Management Compliance with Labor Standards Compliance with Safety Standards Overall Evaluation										
Timely Performance Effectiveness Of Management Compliance with Labor Standards Compliance with Safety Standards Overall Evaluation	PERFORMANCE ELEM	PERFORMANCE ELEMENTS A 0045-10046) B (8045-8946) C (7045-7946) D (6045-6946) F (045-5946)								
Effectiveness Of Management Compliance with Labor Standards Compliance with Safety Standards Overall Evaluation										
Compliance with Labor Standards Compliance with Safety Standards Overall Evaluation										
Compliance with Safety Standards Overall Evaluation										
Overall Evaluation										
Overalt treatment of Please be specific; attach additional sheets if required):		andards				+	-			
	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.



# 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
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- **>** 397-4095

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

