
Texas Department of Insurance
Contract Management Guide and Handbook



Purchasing & Contract Administration

Administrative Operations

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INTRODUCTION

The information contained in this Contract Management Guide and Handbook reflects the procurement policies, procedures, and practices of the Texas Department of Insurance (TDI). It is a guide for employees who request the purchase of goods and services. The contract management guide is to be used to assist TDI in assuring maximum contract performance. It also establishes consistent contracting policies and practices to be followed by the Agency. In addition, the Office of Injured Employee Counsel (OIEC) is administratively attached to the TDI. TDI procures OIEC's goods and services from vendors. Therefore, this guide applies to the OIEC.

PURCHASING AND CONTRACT ADMINISTRATION

Purchasing and Contract Administration monitors the performance and progress of Agency contracts and takes necessary steps to ensure compliance with terms, specifications, conditions, and provisions of contracts.

The contract management policies and procedures apply to all service and other contracts with an estimated value of \$25,000 or more. TDI's contract management process includes the full purview of implementation and oversight. This includes, without limitation, receipt of work, services, and products, as well as monitoring contractor performance; issuing status reports; reviewing invoices; and similar types of review and responsibility.

CONTRACT ELEMENTS AND DOCUMENTS

For purposes of this guide, a contract has the following characteristics:

1. A contract is a written signed agreement between multiple parties;
2. A contractor provides goods or services;
3. A contract consists of an offer, acceptance, and consideration.
4. The Agency pays for such goods and services in accordance with the established price, terms and conditions of the contract.

A contract file will include any of the following documents:

1. signed contract,
2. amendments/change orders,
3. request for proposal,
4. request for offer,
5. invitation to bid,
6. requisition,
7. purchase order,
8. quotes,

9. best and final offer, and
10. all attachments.

PURCHASING STATUTE AND RULE

All contracts involving procurements must adhere to the pertinent governing statutes, rules, and the State Procurement Manual.

Governing Statutes and Rules

1. State of Texas Procurement Manual and Procedures
2. State of Texas Contract Management Guide
3. Comptroller Contract Advisory Team
4. Department of Information Resources (DIR) Rules
5. Federal and State Law
6. General Appropriations Act
7. Texas Government and Administrative Codes
8. TDI's Contract Management Guide and Handbook, and
9. New Legislation such as Senate Bill 20 of the 84th legislative session

ENHANCED MONITORING GUIDANCE

Contracts More Than \$1 Million

Under Texas Government Code § 2261.254, for all contracts over \$1 million, the Agency shall develop and implement contract reporting requirements that provide information on:

- Compliance with financial provisions and delivery schedules under the contract;
- Corrective action plans required under the contract and the status of any active correction plans; and
- Any liquidated damages assessed or collected under the contract.

The Agency shall verify the accuracy of any information reported by a contractor and the delivery time of goods and services. All contracts over \$1 million must be approved by the Commissioner of Insurance.

Per General Appropriations Act, Article IX, Section 7.12 requirements, the Agency must provide 10 business days' notice to the Legislative Budget Board (LBB) before payment on any contract that is over \$1 million that was awarded outside of the competitive process or as an emergency contract. This notice includes a certification, in the form prescribed by the LBB, from the Commissioner that the purchase complied with the contract management guide, procurement manual, and applicable statutes.

Contracts More Than \$5 Million

Under Texas Government Code § 2261.255, for all contracts over \$5 million, the manager of Purchasing and Contract Administration must:

- Verify in writing that the solicitation and purchasing methods and contractor selection process comply with state law and Agency policy; and
- Submit information to the Agency's governing body on any potential issue that may arise in the solicitation, purchasing, or contractor selection process.

Contracts More Than \$10 Million

Under Texas Government Code § 2262.101, all solicitations expected to result in contracts valued at \$10 million and greater must be submitted to the Contract Advisory Team for review before the solicitation is posted. The contract value is determined without regard to source of funds or payment mechanism.

Per General Appropriations Act, Article IX, Section 7.12 requirements, the Agency must provide 10 business days' notice to the LBB before a payment is made on any contract over \$10M. This notice will include a certification, in the form prescribed by the LBB, from the Commissioner of Insurance that the purchase complies with the contract management guide, procurement manual, applicable statutes or what alternative process was used and the name of the person directing that process.

ETHICAL STANDARDS AND CONFLICT OF INTEREST

It is the policy of the State of Texas that a state officer or state employee may not have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in conflict with the proper discharge of the officer's or employee's duties in the public interest. If an actual violation of these ethical standards occurs or is not disclosed and remedied, the employee involved may be either reprimanded, suspended or dismissed.

Prohibited Financial Interest

The Texas Government Code § 2261.251 mandates that a state agency may not enter into a contract with a vendor if any of the following Agency employees or officials has a financial interest in that vendor:

- Commissioner of Insurance
- Commissioner of Worker's Compensation
- General Counsel
- Purchasing and Contract Administration Manager
- A family member related to an employee or official described above within the second degree by affinity or consanguinity;

- A “financial interest” is defined as a state agency employee or official that:
 - Owns or controls, directly or indirectly, at least 1% in the person, including the right to share in profits, proceeds or capital gains or;
 - Could reasonably foresee that a contract with the person could result in a financial benefit to the employee or official.

Prohibited Employment

Texas Government Code § 572.069 restricts state officers and employees who participated in a procurement or contract negotiation from accepting employment with the vendor for two years after the officer’s or employee’s service or employment with the agency have ceased.

Prohibited Contract Process Involvement

By statute any employee involved in the development or approval of a contract that has an actual or potential conflict of interest must disclose it and must be removed from involvement in the contract process. All contract approvers, purchasing and contract staff must sign a conflict of interest statement certification. (Appendix A)

BEST VALUE STANDARD

The best value selection of a contractor is based on a determination of which proposal offers the best trade-off between price and performance, where quality is considered an integral performance factor. The award decision is based on multiple factors, including:

- total cost of ownership, meaning the cost of acquiring, operating, maintaining, and supporting a product or service over its projected lifetime;
- the evaluated technical merit of the vendor's proposal;
- the vendor's past performance; and
- the evaluated probability of performing the requirements stated in the solicitation on time, with high quality, and in a manner that accomplishes the stated business objectives and maintains compliance.

Others factors to consider in evaluating best value include:

- Life cycle costs;
- Quality and reliability of goods and services;
- Delivery terms;
- Past vendor performance;
- Vendor’s financial resources and ability to perform;
- Vendor’s experience, capability or responsibility;
- Cost of training associated with a purchase; and
- Other factors relevant to determining the best value in the context of a particular purchase.

The Purchasing and Contract Administration manager will approve and sign all contracts that are required to use best value standard, document the best value standards and acknowledge in writing that the Agency complied with this guide and the Comptroller of Public Accounts' guide contract management guide.

STATEMENT OF WORK (SOW)

The statement of work defines how the agency will determine that the contract has been satisfactorily completed. The statement of work sets a standard for acceptance of the deliverable and establishes a procedure to receive or reject the deliverable based on specific factors. The statement of work answers – who, what, when, where, why and how. If these questions are answered, it is a reasonable assumption that the statement of work is complete. The SOW includes:

- List of services to be performed, actions to be taken by the parties, and/or products to be delivered;
- How performance will be measured. Performance measures set the level of quality required and expected;
- Deliverables that must be met in order to receive payment;
- Specific deadlines;
- Status report requirements when applicable;
- Consequences for not performing or meeting deliverables;
- Testing and inspection when applicable; and
- Rules for receiving payment.

Department of Information Resources SOW Requirements

Submit SOW related to deliverables-based information technology services (DBITS), and managed services for information technology, telecommunications, and cloud services contracts greater than \$50,000 to the DIR for review:

- prior to submission to vendor(s); and
- for DIR approval and signature prior to final execution.

COMMODITY PURCHASES

Commodities utilizing DIR contracts are defined to include hardware, software and services. Thresholds are:

- \$50,000 or less may be awarded directly to DIR vendor;
- \$50,000 to \$150,000 - at least three (3) DIR vendors must be solicited for pricing, if available;
- \$150,000 to \$1 million, at least six (6) DIR vendors must be solicited for pricing, if available; and

- \$1 million or greater – Agencies are required to conduct their own solicitation process in accordance with all other applicable state procurement requirements.

GENERAL AREAS OF RESPONSIBILITIES

Contract management concentrates on the relationship between TDI and the contractor from contract award to contract closeout, to ensure that the contractor delivers the product and/or services in conformance with the purchase order or contract terms and conditions.

The Agency has key roles to ensure that both Agency staff and the contractor comply with contract terms and conditions, specifications and deliverables within the solicitation document, as applicable. Below is a list of the key positions within the Agency that contribute to the contract management process, along with their general roles and responsibilities.

Agency Counsel

The Agency counsel provides legal review, guidance, and oversight for all aspects of the Agency's contracting, and is responsible for ensuring that the Agency adheres to all statutory requirements of the contract.

Contract Specialist (Purchasing)

The contract specialist primary responsibility focuses on the solicitation process and establishing contracts. Specifically, the contract specialist:

1. Provides training and assistance to Agency program areas regarding the Agency's contract management policy and procedures and other contract-related subjects.
2. Keeps the Purchasing manager, the Program area, and Agency counsel informed of any technical or contractual difficulties encountered with the solicitation process (before award) and potential problem areas under the contract.
3. Ensures that a contract management plan (based upon a Risk Assessment), as applicable, is established for those service contracts awarded under a competitive solicitation process.
4. Participates in the coordination of contract renewals, amendments, and Contract Management plan changes.
5. Works with the accounting division to resolve account payables and billing issues and assess reasons for billing discrepancies.
6. Develops reports and queries and must be able to search the system for various contract information.
7. Makes an initial assessment to determine appropriate level of risk associated with purchase, which influences the level of contract monitoring that will be required.

8. Ensures that the appropriate program area staff (Project Manager, Program Contract Coordinator and Program Contract Specialist) is included in specification solicitation development stage (for those contracts awarded on a formal competitive basis).

Agency Contract Administrator (ACA)

The Agency Contract Administrator serves as a liaison between the program area and the Purchasing and Contracts Administration (PCA) area. The ACA:

1. Reports to the PCA Manager and ensures that the vendor is performing within the terms and conditions of the contract.
2. Ensures that the Program area receives a contract management plan that supports the level of monitoring for the risk assessment level determined by the purchasing Contract Specialist.
3. Assists program area Contract Coordinators and Specialists in resolving contract compliance issues.
4. Assists in resolving noncompliance issues.
5. Participates in the coordination of contract changes, such as renewals, amendments.
6. Maintains the Agency's contract management tracking system to ensure that all contracts and Purchase Orders (POs) are properly entered and tracked in the system.
7. Utilizes the report and query functions within the Centralized Accounting and Personnel and Payroll System (CAPPS) to provide program areas with financial information regarding the expenditures incurred against PO balances for high-risk contracts.
8. Coordinates with Program areas for the collection of Vendor Performance information for reporting into the CPA's Vendor Performance Tracking System.
9. Monitors the progress of the contract and ensures that the project is within the dollar amount and timeframe referenced in the contract.

Purchaser (Purchasing)

The Purchaser is responsible for the procurement process and the execution of the final contract. The Purchaser is responsible for coordinating the execution of any contract amendments or changes to the terms and conditions of the document. The Purchaser is also responsible for interpreting and clarifying contract specifications, terms and conditions. In addition the purchaser:

1. Makes an initial assessment to determine if contract management is required.
2. Ensures that the appropriate program area staff (Project Manager, Contract Coordinators/Specialists) is included in solicitation development stage.
3. Works with Agency Contract Administrator (ACA) to establish a contract monitoring plan.

Program Contract Coordinator (PCC)

The Program Contract Coordinator is designated by each program area and has the primary responsibility of facilitating the implementation of Agency contracts. The PCC monitors the performance and compliance of the specifications, terms and conditions of the contract by the contractor. The PCC monitors the contractor's compliance with the contract from the date performance is to commence until the date of anticipated or actual completion or delivery of the services or products procured. Specific tasks include:

1. Familiarity with and understands the requirements of all assigned contracts.
2. Acts as the main contact between the contractor and TDI.
3. Works with purchaser and ACA to establish a contract management plan for required contracts.
4. Ensures that the contractor and the program contract specialist adhere to the contracts terms and conditions.
5. Monitors the progress of the contract and ensures that the project is within the dollar amount and timeframe referenced in the contract.
6. Contacts Purchasing immediately if an amendment or change is needed in the contract.
7. Keeps Purchasing and Agency Counsel informed of any technical or contractual difficulties encountered, progress of the work and potential problem areas under the contract.
8. Documents contractor's performance during the project.
9. Certifies work completion prior to payment.
10. Prepares a written evaluation of contractor's performance upon completion of contract.

Program Contract Specialist (PCS)

1. Assists in developing contract management plan.
2. Involved in the day to day operations of the contract.
3. Provides the PCC and ACA with information about contract progress.

Accounting Staff

1. Ensures compliance with Prompt Payment statute.
2. Performs three way match before issuing payments.
3. Validates and approves method of finance identified on requisitions.
4. Validates receipts are complete before issuing payments.
5. Reports any fraud and/or potential conflict of interest concerns to the Chief Financial Officer and PCA manager.

RISK MANAGEMENT

The risk management section of this handbook is to be used to assess the risks associated with agency procurements. Performing risk assessments helps to determine the level of oversight and participation

from the end user. The Agency uses a Risk Assessment Matrix (RAM) tool to determine contracts risk level (Appendix B). Based upon the classification of risk, the contract will require enhanced levels of reporting. This assessment is completed to anticipate risks, mitigate or manage risks to protect the Agency. Performing a risk assessment is an ongoing process throughout the life of the contract. The risk factors included in TDI RAM include:

- Dollar amount of the contract;
- Type of contract purchase;
- Impact to the Agency or public;
- Impact on Agency mission;
- Contractor's experience with Agency;
- Compliance history;
- Contractor key management staff stability;
- Contractor's number of years in business;
- Subcontractors percentage of business;
- Time constraints;
- Deliverables;
- Audit results; and
- Experience of contract administrator.

Additional risk factors can be added as appropriate for contracts.

CONTRACT MANAGEMENT LEVELS

There are four (4) contract management levels. (Note: As used in this section the term "Purchaser" includes the purchasing contract specialists who solicit for and establish formal contracts). The purchaser must designate the appropriate contract management level for each order processed that may require contract administration.

- Level 1 Confirmation of services received.
Purchases typically under \$25,000. Examples:
- training
 - subscriptions
 - utilities
 - custodial or repair services

- software/hardware maintenance¹

Level 2 Costs tracking.

Typically, blanket² orders under \$25,000. Examples:

- temporary services
- copy services
- wireless services
- publications/subscription (i.e., West Publishing)
- general office supplies
- expert witness misc. services
- court reporting services
- time and materials / maintenance
- medical quality review

Level 3 Contracts requiring a Contract Management Plan (CMP).

Typically applies to all contracts with estimated value of \$25,000 or more and may include other contracts that have specific milestones that must be met prior to payment. This may also incorporate level 1 or 2. Examples:

- actuarial services
- interpreter services
- conferences³
- expert witness
- ITS software or hardware projects

Level 4 Contracts requiring a CMP and with an estimated value of \$1,000,000 or more.

The Agency follows the Comptroller of Public Accounts Contract Management Guide and Handbook requirements.

¹ Unless maintenance contract includes specific milestones, hardware and software maintenance should be considered level 1 management. If over \$1 million, then the purchaser should select level 4.

² A blanket purchase order is a standing purchase order issued to a vendor by the Agency to procure goods or services. The blanket order will specifically list specific items or services that can be purchased under the blanket order with the contract begin and end dates and a not to exceed blanket amount limit. The purchasing liaison must submit a purchase requisition to encumber funds for a blanket order.

³ Conferences may be less than \$50K but are considered level 3 contracts.

INITIAL CONTRACTING PROCESS

Requisition Approval

Each program area is responsible for submitting a requisition in the Centralized Accounting and Payroll/Personnel System (CAPPS) for all procurement requests. Once received by Purchasing and Contract Administration, the purchaser must ensure that the appropriate approvals were obtained. In addition to CAPPS approvals, other approvals such as business plan approvals, a major procurement project approval, and/or approvals from the Commissioner of Insurance, the Commissioner of Workers' Compensation, or their designees may be required. Next, the purchaser must determine the appropriate procurement method. This may or may not require a solicitation process, depending upon the specific purchase being processed.

Solicitation/Award of Contract

A purchase order number is assigned to each awarded contract. If a solicitation process is not required, the purchaser must ensure that the purchase order adequately describes the specifications, terms and conditions required of the contractor.

If a solicitation is required, the purchaser will follow the Agency's solicitation process and will coordinate all required solicitation activities, including contracts that are awarded on the basis of best value. Next, the purchaser must determine the level of contract management required.

Post Award Conference

Following the award of a contract and depending on the level of required contract administration, a post award conference is held to discuss applicable information as it pertains to the contract. Specific roles and responsibilities of contract management will be determined and documented.

Contract Closeout Conference

At the conclusion of a contract, a contract closeout meeting may be required to discuss applicable information pertaining to the contractor's performance. The ACA will review the contract with the PCC, review the vendor performance questionnaires submitted throughout the life of the contract and determine if there are any outstanding issues with the contract. The ACA will prepare a closeout memo, send a copy to the PCC and PCS and file all documents.

STEP BY STEP PROCUREMENT PROCESS

WHO	STEPS	ADDITIONAL CONSIDERATIONS
Requestor	1. Recognizes Need. Submits request to purchasing liaison with appropriate documentation.	Works with purchasing liaison or requisitioner to determine estimated value.
Purchasing Liaison	1. Submits purchase requisition in CAPPs. 2. Monitors CAPPs for necessary program approvals.	
CAPPs – Approval Routing Process	1. Routes requisition through the CAPPs approval workflow process.	If rejected at any stage of the CAPPs approval process, the requisition is automatically forwarded back to the Purchasing Liaison.
Purchaser	1. Receives requisition and reviews requisition for appropriate approvals. 2. Assigns requisition to purchasers. 3. Determines the appropriate procurement process. 4. If solicitation is required, go to next step. If not, go to step Purchaser – “Prepare order or contract for award” 5. Contacts program; establishes a procurement team and a plan of action. 6. Develops specifications document with Procurement Team and/or Agency Counsel. 7. Establishes evaluation methodology and criteria and an evaluation team.	Considerations for appropriate procurement process: a) Contract value b) Statutory requirements c) Agency Counsel assistance required d) Procurement Team necessary e) PCC Procurement team considerations: a) Time frames b) Methods of communication c) Plan of action d) Delegates assignment Document types: a) Request for Quote b) Invitation for Bid c) Request for Offer/Invitation to Negotiate d) Request for Proposal
Program Contact	1. Reviews solicitation document for final approval.	
Purchaser	2. Solicits bids. 3. Monitors bids received through closing date. 4. Facilitates evaluation process. 5. Prepares recommendation for award. 6. Prepares order or contract for award.	Bidder/Proposal Resources a) CPA’s TPASS Centralized Master Bidder’s List b) The Electronic Bulletin Board c) TDI’s Website Facilitation process may involve a) Customer b) Agency Counsel c) Evaluation Team

	7. Awards contract and sends contract award notification with instructions	Notifications include a) Customer via automated purchasing system b) Contract Administrator c) Contract Specialist d) Accounting
Agency Contract Administrator	1. Sets initial post award contract meeting. If a meeting is not appropriate, skip to Program Contract Coordinator. 2. Sets up meeting with Purchasing and Agency Counsel to discuss monitoring plan.	Identifies key elements necessary to establish a monitoring plan.
Program Contract Coordinator	1. Begins administration and monitoring process through the life of the contract. 2. Submits monitoring information to agency contract administrator as specified in the contract management plan.	a) Establish contract file b) Establish method of communication c) Track contract milestones d) Monitor and document contractor performance e) Monitor payment certification process f) Complete VPQ's as required g) Coordinates contract amendment process as required
Accounting	1. Submits invoice information to program to approve payment.	
Agency Contract Administrator	1. If required, scheduled a contract closeout meeting. 2. Closes out contract.	a) Once services are complete and/or contract has expired a post award meeting will be set to review the contractor final performance. b) Document contract closeout.
Purchasing	1. Enters contract performance into the Vendor Performance Tracking System. 2. Maintains contract file.	Work with program area to ensure the contract file includes all appropriate documentation.

ONGOING ADMINISTRATION

The PCC and PCS must understand the contract specifications, terms and conditions that are included in each contract assigned to their program area. The PCC and PCS must track the progress of their contracts throughout the life of the contract. Agency contracts include many standard terms and conditions, below are some of the more frequent terms used and which should be considered when establishing or managing a contract.

Deficiencies

In receiving goods and services, and during the ongoing contract implementation by the contractor, the PCC will remain alert for irregularities or deficiencies in the performance of the contract. The PCC must immediately notify the ACA of any deficiencies found and reject any deficient work, services, products, equipment or goods not meeting specifications or contract requirements. Where appropriate, the PCC will promptly notify the ACA in writing of any contractor irregularities or deficiencies in performance under the contract.

The PCC will reject all work that does not comply with the contract requirements and notify the ACA of the deficiencies or non-conformance issues discovered. The ACA will coordinate next steps with the PCC, agency counsel and the purchasing manager.

Time Extensions

The contractor is responsible for completing the work within the time established in the contract. If the contractor requests an extension from the PCC in writing, within a reasonable time prior to the time for the contract to end, the time extensions may be considered. The written request will clearly state the cause for the delay and offer facts supporting justification and verification of the cause stated. The PCC and the ACA reviews the request, stated justification, supporting facts and verification submitted by the contractor for the delay. Next, the ACA works with the PCC and promptly prepares a letter to the contractor acknowledging receipt of the request and stating that the request is under review and consideration.

Approval of Extension

The purchasing manager must authorize any contract extensions well in advance of the contract termination date. The appropriate signature authority will sign the written modification to the contract and once finalized and signed by both parties, will become a part of the contract file.

Disapproval of Extension

The ACA communicates to all parties involved when a time extension is not approved. The disapproval must be in writing to the contractor prior to the contract end date. The ACA will discuss with the contractor completion of the work in a timely manner in accordance with the terms and conditions of the contract.

Contract Modifications or Expanded Scope of Services

The program or the contractor may request a modification to a contract for additional work to be performed, if allowed under the contract. In such event, the PCC works closely with the ACA.

The PCC may determine the need for additional work under the contract, and in so doing, will provide the specifications for the desired scope of work to the purchaser so that they can obtain a proposal

of the cost to complete the additional work. The program must submit a purchase requisition to initiate this process.

The ACA will coordinate a meeting between the PCC, the contractor and the purchaser to obtain a detailed description of the proposed work, a cost estimate and any other relevant factors. The PCC must submit a justification or explanation for the proposed change.

Consideration to Modify

The PCC must notify the ACA of any modifications required to the contract. The ACA will coordinate the approval process. The PCC will provide all recommendations in writing. The purchasing manager will review proposed contract modifications before proceeding with the change. The ACA will receive all requested modifications and will work with the purchaser to finalize all documentation, justification, and verification as provided by the program. The purchasing manager and agency counsel will oversee any negotiations prior to the actual engagement.

Written Authorization Required

All contracts must be modified in writing by all parties in duplicate, prior to performance of the work that is the subject of the modification. The PCC cannot modify or enter into contracts verbally or in writing. The Commissioner of Insurance or the Commissioner's designees are the only individuals in the Agency that have authority to bind the Agency and sign any contracts, amendments, and change orders to multiple party contracts.

Any purported modification by the PCC or any other unauthorized party will be ineffective to bind TDI. The contract file must include all documentation related to any contract changes. The PCC must maintain full documentation of any changes to the contract.

Termination

Termination of a contract will be in accordance with the governing provisions of the contract under which the work or services are performed.

In the event it is determined that the contract should terminate for cause or convenience, the ACA will coordinate termination with the purchaser and the PCC. The purchasing manager will review and approve all final recommendations. The recommendations must include facts and details of the reasons for the proposed termination, and of the anticipated impact of such termination.

The documentation will include any disputed claims between the contractor and TDI, and the possible consequences to TDI and the contractor, of the proposed termination. In the event termination of the contract is approved, the purchaser will prepare a notice of termination of the contract, in the form of a letter, for the Commissioner of Insurance or the Commissioner's designee's signature.

Payments

The contract specifies the method of payment. The final contract will always include a section that addresses payments. The contractor will submit invoices or payment requests to Financial Services, Accounting area for payment. Accounting will process the invoice for payment after the PCC approves the invoice. Payment must be made within thirty (30) days from the receipt of the contractor's invoice in accounts payable to avoid interest penalties.

Disputes

TDI contracts include a disputes clause that explains the procedure for handling disputes. The PCC will maintain a dated record in writing of any actions that may result in a dispute or claim. The PCC and/or PCS must forward a copy of a written and dated record of the dispute to the ACA. They must also notify the purchasing manager and agency counsel of any disputes received.

Vendor Performance Reporting

PCCs will track vendor performance information. The purchaser awarding the contract will designate one of the following reporting frequencies for the contract monitoring schedule.

- Monthly
- Annual
- Quarterly
- Bi-Annual
- Semi-Annual
- As Needed Per Request

The ACA will request the PCC to complete and submit a vendor performance questionnaire for all procurements over \$25,000. The PCC works with the PCS to complete and return the form by the required date. Depending on the nature of the contract, a special vendor performance questionnaire may be developed which addresses the specific requirements of the contract.

CONTRACT CLOSEOUT

Completion Certification

The contractor will certify that all work has been carefully inspected and completed. TDI will review, confirm completion and finalize certification.

Contract Closeout Conference

The ACA may conduct a closeout meeting with the PCC upon the completion of the contracted services. The PCC must submit a final vendor questionnaire prior to meeting. The ACA will review all questionnaire responses and final contract rating.

The PCC or PCS will rate the contractor based on the quality of workmanship, timeliness of work, contract compliance, documentation requirements and overall job performance. The PCC will forward the performance ratings to the ACA.

Code of Conduct

The ACA will promptly report to the purchasing manager any suspected anti-competitive practices by contractors and employees, as well as any other violations of TDI Procurement Policies and Procedures.

Documentation

The ACA and the PCC will maintain, in a designated contract file, documentation related to the execution, performance and completion of any contract. The ACA will receive from the PCC or other appropriate staff, a copy of all reports, correspondence, memoranda, etc. relating to the contract to fully document and ensure the contract file is complete.

Completion of Work

The contractor will provide prompt written notification to the PCC when all work is completed. TDI may take up to (5) working days (or whatever the contract specifies) to inspect and process final contract documents. The PCC will provide written verification of completed work to the ACA and accounting.

Contract Retention

The required retention policy for all purchase order and contract related documentation follows:

- For contracts and purchase orders entered into or after 9/1/2015, a state agency shall retain in its records each contract and related documents it enters into for a period of seven (7) years after contract expires, terminated, or is completed, after all issues have been resolved. Along with the contract, all solicitation documents shall also be retained.
- For contracts and purchase orders entered into prior to 9/1/2015, the records retention period is four (4) years.

CONFLICT OF INTEREST – Purchasing Staff (Appendix A)

Procurement Involvement: No employee of the Texas Department of Insurance (TDI) or appointee of TDI shall have an interest in, or in any manner be connected with, any contract or bid for a purchase of goods or services. Neither shall any member or employee or appointee, under penalty of dismissal, accept or receive from any person, firm, or corporation to whom any contract may be awarded, directly or indirectly, by rebate, gift, or otherwise, any money or other thing of value whatever, nor shall any employee receive any promise, obligation, or contract for future reward or compensation from any such party.¹

Each employee or official who is involved in procurement or in contract management shall disclose to TDI any potential conflict of interest specified by state law or agency policy that is known by the employee or official with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor by TDI. ²

Employment Restriction: I also acknowledge that a former state officer or employee of a state agency who during the period of state service or employment participated on behalf of a state agency in a procurement or contract negotiation involving a person may not accept employment from that person before the second anniversary of the date the officer's or employee's service or employment with the state agency ceased.³

A violation of this provision is subject to disciplinary action, up to and including termination.

I certify that I have read and understand the above statement.

Employee Signature

Date

Printed Name

cc: Personnel File
Supervisor's File

Legal Authority: ¹ Texas Government Code, Section 2155.003

² Texas Government Code, Section 2261.252(a)

³ Texas Government Code, Section 572.069

TEXAS DEPARTMENT OF INSURANCE – RISK ASSESSMENT MATRIX (Appendix B)

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 Purchase	Interagency, MOU or Interlocal	Contract less than 25k	Consulting, Emergency, Sole Source, Proprietary, or Construction > \$25k	Major information technology purchases and leases
Impact to the public or agency	No impact to the public or agency	Minimal impact to the public or agency	Some impact to the public or agency	High impact to the public or agency
Agency Mission	Contract services are not critical for meeting TDI's mission	Contract services are moderately needed to TDI's mission	Contract services are necessary to TDI's mission	Contract services are necessary to TDI's mission
Agency experience	TDI previously awarded four or more similar contracts	TDI previously awarded two - three similar contracts	TDI previously awarded one similar contract	TDI previously awarded one similar contract of this type
Compliance History	No issues of non-compliance	Moderate instances of non-compliance	Substantial finding of noncompliance	Substantial finding of noncompliance – never contracted with TDI
Experience of Contractor Key Management Staff	No recent change and significant experience	No recent change, but not significant experience; or recent change but significant	Recent change and not significant experience	Recent change and less than 1 year of experience
Number of years in business	More than 5 years	1 year to 3 years	Less than 5 years	Less than 1 year
Performance Measures	Contract contains multiple defined and measurable performance measures	Contract contains at least one clearly defined or measurable performance measure	No performance measures included in contract	No performance measures included in contract
Time Constraints	Will be completed in less than 3 mos.	Will be completed within 3 - 6 mos.	Will be completed within 6 mos. - 1 yr.	Will be completed in 1 yr. or longer
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
Audit Results	No audit required or no issues or finding in audit (s)	Moderate issues or findings in audit (s)	Substantial issues or findings in audit (s)	Substantial issues or findings in audit (s)
Experience of PCC	PCC has worked on four or more similar projects	PCC has worked on two or three similar projects	PCC has worked on one similar project	PCC has never worked on projects of this type

TEXAS DEPARTMENT OF INSURANCE – RISK ASSESSMENT MATRIX (Appendix B)

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	Score
Total Cost	
Type of Contract Purchase	
Impact to the Public or Agency	
Agency Mission	
Agency experience	
Compliance History	
Experience of Contractor Key Management Staff	
Number of years in business	
Performance Measures	
Time Constraints	
Deliverables	
Audit Results	
Experience of PCC	

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

Risk Level		Point Range	Description
Extremely High Risk	E	43-52	Projects include unexpected levels of risk, including critical issues that are likely to occur if the contract is not properly managed. Programs must consider possible contract risks, document and include them in the contract management plan and determine how risk will be monitored.
High Risk	H	29-39	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.
Moderate Risk	M	15-26	Projects contain some level of risk that may occur. The program should consider if a contract management plan is required. If contract management plan is not required, the PCC will identify and document with an explanation of how risks will be managed. This information will be maintained with the PCC documentation.
Low Risk	L	0-13	Projects contain minimal risks and are unlikely to occur. Programs can proceed with contracting as planned.