

# TEXAS OFFICE OF CONSUMER **CREDIT COMMISSIONER**



**Contract Management Handbook**

Revised November 2020

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# CONTRACT MANAGEMENT HANDBOOK

## INTRODUCTION

The Office of Consumer Credit Commissioner (OCCC or Agency) has developed this Contract Management Handbook (Handbook) in compliance with Texas Government Code § 2261.256(b). The OCCC updates this Handbook periodically to reflect changes in procurement rules and policies, and the OCCC's contract management processes. This Handbook identifies contracts that require enhanced contract monitoring or the immediate attention of contract management staff and establishes clear levels of purchasing accountability and staff responsibilities related to purchasing in compliance with Texas Government Code § 2261.253(c). The Finance Commission has adopted rules for enhanced contract and performance monitoring, found in Title 7, Section 10.40 of the Texas Administrative Code.

## CONTRACT DEFINITION

A contract is a legally enforceable agreement between two or more parties.<sup>1</sup> A contract between the agency and the selected vendor may be in the form of either a purchase order or a formal signed agreement. Fundamentally, the purpose of a written contract is to serve as a reference document that records the terms of an agreement to prevent misunderstanding or conflict and creates a legal, binding and enforceable obligation.

## PROCUREMENT AND CONTRACT SERVICES

OCCC purchasing staff are responsible for coordinating and managing all procurement and contracting activities for the Agency. The Contract Manager maintains a current list of the OCCC's purchasing staff. OCCC purchasing staff facilitate all procurement and contracting needs. The OCCC approves, records, and monitors all contracts consistent with Texas statutes and rules, and Agency purchasing procedures.

## STATE OF TEXAS PURCHASING RULES

The Statewide Procurement Division of the Comptroller of Public Accounts (SPD) maintains on its [website](#) a list of governing statutes and rules as well as procedure manuals and guides for state purchasing programs to follow.

All Agency contracts must comply with the following:

- Texas Government and Administrative Codes;
- other relevant Texas law;
- Federal law;
- [State of Texas Procurement and Contract Management Guide](#);
- [Texas Department of Information Resources Rules](#); and
- OCCC's Contract Management Handbook.

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<sup>1</sup> See Appendix 1, Texas Procurement and Contract Management Guide – Version 1.3

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## STATE AGENCY ETHICAL STANDARDS FOR STATE OFFICERS & EMPLOYEES

All officers and employees who participate in procurement and contracting activities shall adhere to Agency policy and applicable state law regarding conflicts of interest.

Texas Government Code § 2261.252(a) requires each state agency officer<sup>2</sup> or employee<sup>3</sup> who is involved in procurement or in contract management for a state agency to disclose to the agency any potential conflict of interest with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor by the agency.

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 an obligation of any nature that is in substantial conflict with the proper discharge of the officer or employee's duties in the public interest.<sup>4</sup> Officers and employees must also comply with the State Standards of Conduct.<sup>5</sup>

Texas Government Code § 2261.252(b) prohibits the Agency from entering into a contract for the purchase of goods or services with a private vendor if any of the following has a financial interest<sup>6</sup> in that vendor:

- a member of the Finance Commission;
- the OCCC Commissioner, General Counsel, purchasing staff; or
- a family member related to an official or employee described above within the second degree of consanguinity.

State officers and employees who participate on behalf of the Agency in a procurement or contract negotiation with a vendor are prevented from accepting employment with that vendor for two years after the officer's or employee's service or employment with the agency has ceased.<sup>7</sup>

## CONFLICT OF INTEREST STATEMENT EXECUTED ANNUALLY

A Non-Disclosure and Conflict of Interest Statement (Appendix A) must be signed annually by any officer or employee who participates in the development of contract specifications, solicitation documents,

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<sup>2</sup> A "state officer" is defined as an elected officer, an appointer officer, a salaried appointed officer, an appointed officer of a major state agency, or the executive head of a state agency. Tex. Gov't Code § 572.002(12).

<sup>3</sup> A "state employee" is defined as an individual, other than a state officer, who is employed by a state agency, Texas appellate courts or the Texas Judicial Counsel, either house of the Texas legislature or a legislative agency, council, or committee, including the Legislative Budget Board, Texas Legislative Council, State Auditor's Office, and Legislative Reference Library. Tex. Gov't Code § 572.002(11).

<sup>4</sup> Tex. Gov't Code § 572.001(a).

<sup>5</sup> Tex. Gov't Code 572.051.

<sup>6</sup> A "financial interest" is defined as a state agency employee or official that: owns or controls, directly or indirectly, an ownership interest of at least a 1% interest in the vendor, including the right to share in profits, proceeds, or capital gains; or could reasonably foresee that a contract with the vendor could result in a financial benefit to the employee or official. However, a financial interest does not include a retirement plan, a blind trust, insurance coverage, or an ownership interest of less than one percent in a corporation. Tex. Gov't Code § 22.252(c-d).

<sup>7</sup> Tex. Gov't Code § 572.069 (*applicable to State officers and employees whose service or employment with the Agency ceased on or after September 1, 2015*).

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evaluations, negotiation, contract monitoring activities, or is authorized to sign a purchase order or other contract on behalf of the Agency.

## SIGNATURE AUTHORITY & APPROVALS

Prior to any contract execution, OCCC purchasing staff will document best value standards used for the contract, if required, and acknowledge in writing that the Agency complied with this Handbook and SPD's Procurement and Contract Management Guide. An authorized employee's signature on a contract will reflect a representation that the contract has been properly submitted, reviewed, and approved in accordance with all OCCC policies and procedures, and that the contract is in the best interest of the OCCC.

The Commissioner has signature authority for all contracts with the Agency and may delegate her authority to OCCC staff as appropriate.

A contract cannot be awarded to a vendor unless it has been properly submitted, reviewed, and approved in accordance with all Agency policies and procedures, and it has been determined that the contract is in the best interest of the Agency.

## VERIFICATION OF USE OF BEST VALUE STANDARD

For purchases where the application of the best value standard is required, selection of a vendor 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.<sup>8</sup> 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 standards

Pursuant to Texas Government Code § 2155.0755, for each contract for which the Agency is required to purchase goods or services using the best value standard, the OCCC Commissioner or Designee must:

- approve the contract;
- ensure that the Agency has documented the best value standard utilized for the contract; and
- acknowledge in writing that the Agency complied with its policies and with SPD's Procurement and Contract Management Guide in the purchase.

## VENDOR ASSESSMENT PROCESS CERTIFICATION

The agency assesses each vendor responding to a solicitation using the evaluation criteria included in the solicitation. Prior to award of a contract, the OCCC Commissioner or Commissioner's Designee will review

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<sup>8</sup> Best value standards include, but are not limited to, the following: Tex. Gov't Code §§ 2155.074, 2156.007, 2157.003, 2254.003 and 2254.027.

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the solicitation process and all documents used to assess the vendor and certify that the scoring calculations are accurate. Any change to scoring following the initial scoring and assessment must be justified in writing. The certification and any justifications are retained in the contract file.<sup>9</sup>

## STATEMENT OF WORK

A statement of work (SOW) is a document that states the requirements for a contract.<sup>10</sup> The SOW enables the Agency to determine whether a contract has been satisfactorily completed. The SOW sets a standard for acceptance of deliverables and establishes a procedure to receive or reject deliverables based on specific factors. The SOW answers the who, what, when, where, why, and how of a procurement. The SOW can include:

- a list of services to be performed, actions to be taken by the parties, and/or products to be delivered;
- how performance will be measured, and the level of quality required and expected;
- payment terms;
- performance deadlines;
- status report requirements;
- consequences for failure to perform or deliver as agreed; and
- testing and inspection requirements.

Texas Government Code § 2157.0685 requires state agencies to submit SOWs for certain services procurements to the Texas Department of Information Resources (DIR) for review prior to submission of the SOW to a vendor and for DIR approval and signature prior to final execution.<sup>11</sup>

## COMMODITY PURCHASES

A state agency is eligible to purchase information technology commodities from vendors on a list maintained by DIR however, requirements vary by contract value as described below.<sup>12</sup>

| CONTRACT VALUE                               | NUMBER OF VENDORS                                |
|--|--|
| \$50,000 or less                             | May award directly to vendor of choice           |
| More than \$50,000 to \$1 million or less    | At least 3 vendors must be solicited for pricing |
| More than \$1 million to \$5 million or less | At least 6 vendors must be solicited for pricing |
| More than \$5 million                        | Contract to purchase a commodity is prohibited   |

<sup>9</sup> Tex. Gov't Code § 2261.0525.

<sup>10</sup> Tex. Gov't Code § 2157.0685.

<sup>11</sup> [Texas Department of Information Resources Threshold and SOW Reference Guide](#).

<sup>12</sup> Tex. Gov't Code § 2157.068 (*defining commodity items as commercial software, hardware, or technology services, other than telecommunications services*).

## ENHANCED GUIDANCE FOR CERTAIN CONTRACTS

The Finance Commission has adopted rules establishing a procedure to identify each contract that requires enhanced contract or performance monitoring.<sup>13</sup> These rules do not apply to memoranda of understanding, interagency contracts, interlocal agreements, or contracts that do not involve a cost.

The agency has developed a Project Management and Policy Guide in compliance with Title 1, Section 216.11 of the Texas Administrative Code. Projects meeting the criteria for a major information resources project follow the Department of Information Resources' Project Delivery Framework, and are monitored accordingly.<sup>14</sup>

Contracts for technology projects with a cost of \$50,000 or more are assessed using the agency's Accountability and Risk Analysis Procedure (see below).

The Contract Manager is responsible for developing a contract monitoring plan that addresses all risks identified in each contract that required enhanced monitoring. Monitoring tools include, but are not limited to:

- Site Visits – Complex contracts or those with a high degree of risk may require visits to the contractor's facilities. Site visits may be used to verify that the contractor's performance complies with the contract schedule or other requirements.
- Periodic Business Reviews – Formal face-to-face reviews of the contractor's performance, scheduled at appropriate intervals. Reviews should have a formal agenda that addresses all identified areas of risk and discussion of opportunities for improvement.
- Desk Reviews – A review of written reports provided to the agency by the contractor. Criteria for items requiring reporting by the contractor should be included in the contract monitoring plan.
- Expenditure Document Reviews – An analysis of contractor invoices to determine if fee rates and expenditures are permitted under the contract, and if the supporting documentation adequately supports the invoice.

The Contract Manager will provide regular reports to the Commissioner for contracts that require enhanced monitoring.

### **Contracts Over \$1 million**

For each contract 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;

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<sup>13</sup> Tex. Gov't Code § 2261.253(c), 7 Tex. Admin. Code § 10.40.

<sup>14</sup> Tex. Gov't Code § 2054.003 (*defining a major information resources project as any information resources technology project identified in a state agency's biennial operating plan whose development costs exceed \$5 million and that requires one year or longer to reach operation status; involves more than one state agency; or substantially alters work methods of state agency personnel or the delivery of services to clients; and any information resources technology project designated by the legislature in the General Appropriations Act as a major information resources project.*)

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- 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.<sup>15</sup>

In addition, the Agency shall verify the accuracy of any information reported by a contractor and the delivery time of goods and services.<sup>16</sup>

All contracts over \$1 million must be approved by the Finance Commission. The Finance Commission may delegate approval and signature authority to the OCCC Commissioner.

## Contracts Over \$5 Million

In addition to the requirements for contracts over \$1 million, for all contracts over \$5 million, the OCCC Commissioner or Designee 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 Finance Commission on any potential issue that may arise in the solicitation, purchasing, or contractor selection process.<sup>17</sup>

## Contracts Over \$10 Million

All solicitations expected to result in contracts valued at \$10 million and greater must be submitted to the Comptroller's Contract Advisory Team for review before the solicitation can be posted.<sup>18</sup> The contract value is determined without regard to source of funds or payment mechanism.

Due to the size and budget of the OCCC, it is unlikely that the agency will ever contract for goods or services costing \$1 million or more.

## THIRD-PARTY ACCESS TO OCCC INFORMATION

Contracts with vendors who will have access to any agency computer system or database, or who store, process or maintain agency data will include a provision requiring that the vendor adhere to all OCCC policies related to security and access controls. The vendor may also be required to sign a non-disclosure agreement pursuant to OCCC Policy #108 – Third-Party Non-Disclosure Agreement Policy.

## EMPLOYEE AND VENDOR CYBERSECURITY TRAINING

All agency employees are required to complete cybersecurity training approved by the Texas Department of Information Resources (DIR) each year.<sup>19</sup> Agency Information Technology staff recommend and assigned approved training each year.

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<sup>15</sup> Tex. Gov't Code § 2261.254(a).

<sup>16</sup> Tex. Gov't Code § 2261.254(b).

<sup>17</sup> Tex. Gov't Code § 2261.255.

<sup>18</sup> Tex. Gov't Code § 2262.101.

<sup>19</sup> Tex. Gov't Code § 2054.5191.



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All contractors who access an agency computer system or database must also complete cybersecurity training approved by DIR during the term of the contract and any renewal period.<sup>20</sup> The OCCC requires contractors to complete training at least annually for contracts longer than a one-year term.

## VENDOR PERFORMANCE TRACKING SYSTEM

No later than 30 days after a contract is completed or otherwise terminated, the Agency shall submit a performance review through the Comptroller's Vendor Performance Tracking System (VPTS) for all purchases over \$25,000.<sup>21</sup> OCCC purchasing staff use the VPTS to determine whether to award a contract to a vendor reviewed in the tracking system.<sup>22</sup>

## CONTRACT MANAGEMENT

Contract management refers to the entire contracting process, which involves planning, forming, and administering contracts through closeout. Contract management activities include administering and monitoring the contract after the award and during contract implementation by measuring completed work, computing and approving payments, monitoring contract performance, incorporating necessary changes and modifications to the contract, and actively interacting with the vendor. Purchasing staff will utilize this Handbook along with the SPD's Procurement and Contract Management Guide to achieve contract objectives.

## ACCOUNTABILITY & RISK ANALYSIS PROCEDURE

Each state agency must develop and comply with a purchasing accountability and risk analysis procedure that provides for:

- assessing the risk of fraud, abuse, or waste in the vendor selection process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which the agency 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.<sup>23</sup>

The Agency uses a Risk Assessment Matrix (RAM) tool to analyze contracts over \$50,000 to identify areas of risk, such as the potential for loss, harm, or damage that may occur due to errors or problems associated with a vendor's performance.<sup>24</sup> Based upon the classification of risk (as low, moderate, high, or extremely high), the contract may require enhanced levels of monitoring. This assessment is completed to anticipate risks, mitigate or manage risks, and avoid or transfer risk in order to protect the Agency.

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<sup>20</sup> Tex. Gov't Code § 2054.5192.

<sup>21</sup> Tex. Gov't Code § 2155.089, 34 Tex. Admin. Code § 20.115.

<sup>22</sup> Tex. Gov't Code § 2262.055(d) (applicable to bids or contracts made public on or after October 1, 2015).

<sup>23</sup> Tex. Gov't Code § 2261.256.

<sup>24</sup> Risk Assessment Matrix (RAM) - Appendix B

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Performing a risk assessment is an ongoing process throughout the life of a contract. The RAM should be used prior to: 1) awarding contracts from RFP/RFO proposals; 2) entering into new contracts with vendors; and 3) renewing existing contracts. For ongoing contracts, the RAM should be completed at least annually and when risk conditions undergo a substantial change, e.g., vendor's management or ownership changes.

The risk factors in the Agency's RAM include:

- dollar amount of the contract;
- type of contract purchase;
- impact to the Agency or public;
- impact on the Agency's mission;
- vendor's experience with the Agency;
- vendor's compliance history;
- stability and experience of vendor's key management;
- vendor's number of years in business;
- subcontractors percentage of business;
- time constraints;
- deliverables;
- audit results; and
- experience of agency purchaser.

Additional risk factors can be considered as appropriate.

## CONTRACT MODIFICATION

The Commissioner or Commissioner's Designee may request modification of a contract. All modifications must be: 1) allowed under the contract; 2) within the scope of the contract; and 3) in writing. Modifications must be approved by the Commissioner or Commissioner's Designee. All contract modifications must be in the form of a written modification, amendment, or change order.

## CONTRACT ISSUE MANAGEMENT

The Contract Manager in conjunction with the Project Manager will resolve issues related to contract performance. A log of all issues that arise during the life of a contract should be kept as well as a timeline of the issue and its resolution. To prevent disputes, the Agency will:

- maintain regular communication with the vendor;
- respond promptly to all vendor inquiries regarding contract concerns;
- work with appropriate staff to develop a strategy to resolve issues and communicate with vendors; and
- thoroughly document all issues and communications.

## CONTRACT DISPUTES OR PROTESTS

Despite best efforts, there is always the potential for a contract dispute. The following steps should be taken to address contract disputes:

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- *Identify the problem* – many times what may appear to be a problem can be resolved by providing the contractor with information or clarification.
- *Research facts* – obtain all the information regarding the potential problem from all relevant sources.
- *Evaluation* – review all of the facts in conjunction with the requirements and terms and conditions of the contract, and recommend the appropriate course of action.
- *Corrective action* – identification of problems early in the performance period, effectively communicating and formalizing the process in writing via a corrective action plan (contract performance is impacted) or less formal written procedure (contract performance could be impacted if not resolved), is essential.
- Document all information related to the informal dispute until the informal dispute is resolved. Resolution must also be documented.
- The Contract Manager will provide guidance and assistance and escalate issues to the Legal Department, if needed.
- The Contract Manager will facilitate resolution with all parties, with the assistance of the Legal Department.
- The Contract Manager will facilitate completion of an internal Corrective Action Plan and/or require the contractor to provide a formal Corrective Action Plan (CAP).
- As requested, the Legal Department will provide guidance and direction on appropriate legal action if the vendor remains non-compliant.

Protests related to the solicitation, evaluation or award of a contract must be made in writing and follow the procedure adopted by the Finance Commission in Title 7, Section 10.30 of the Texas Administrative Code.

## CONTRACT FILES & RETENTION

The Purchaser will be responsible for maintaining an official contract file for all contracts that includes the request, solicitation, responses, scoring, best and final offers, award documents, corrective actions, contract monitor reports, and change documents. From time to time, the OCCC may cooperate with other agencies (e.g. Texas Department of Banking and Texas Department of Savings & Mortgage Lending) in the procurement of goods and services. If one of the other agencies coordinates the procurement process, the other agency may serve as custodian of the additional documentation pertaining to the contract file. A contract and solicitation-related document that is electronic must be maintained in its electronic format.<sup>25</sup>

For contracts executed, renewed, or amended after September 1, 2015, Texas Government Code § 441.1855 requires the Agency to retain each contract (including purchase orders) for a period of seven years after the contract expires, is terminated, is completed, or after all issues have been resolved. Along with the contract, all related solicitation documents, including rejected or unsuccessful bids, shall also be retained. For contracts entered into prior to September 1, 2015, the retention period is four years. For contracts over \$50,000, a copy of SPD's Sample Procurement File Checklist must be completed and added to the file and verified by the Contract Manager.<sup>26</sup>

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<sup>25</sup> Tex. Gov't Code § 441.1855(2)(B)(b-c).

<sup>26</sup> Tex. Gov't Code § 2262.053.

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## POSTING CONTRACTS & CONTRACT DOCUMENTS

The Agency will comply with all procurement and contract posting requirements, including those described by Sections 2157.0685, 2261.253, and 2261.256 of the Texas Government Code..

## APPENDIX A: Employee Non-Disclosure and Conflict of Interest Certification

A special responsibility is imposed on all people who are entrusted with the disposition of the state's funds. The fiduciary nature of the purchasing function, particularly when expending public funds, makes it critical that all persons involved in the process remain independent, free of obligation or suspicion, and free from the perception of impropriety. Premature or unauthorized disclosure of information regarding a proposed solicitation irreparably harms the State's interests and may constitute a violation of Section 39.02 of the Texas Penal Code, the antitrust laws of the United States and the State of Texas, and/or the Texas Public Information Act (Chapter 552, Texas Government Code). Credibility and public confidence are vital throughout the purchasing and contracting system. The appearance of impropriety can be as harmful as the conduct itself. It is with this in mind that the following certification is set forth.

I, \_\_\_\_\_, the undersigned hereby certify that I understand and agree to be bound by the commitments contained herein.

I participate in procurement processes for the Office of Consumer Credit Commissioner ("OCCC"). I agree that I will disclose any information about which I am aware regarding my involvement in any agency decision-making or recommendations on a procurement that could constitute a conflict of interest or create the appearance of impropriety. I understand my relationship with an employee of a business entity that is or may be a respondent or subcontractor may constitute a conflict of interest when that employee is my spouse, child, spouse's child, parent, spouse's parent, child's spouse, brother, sister, grandparent, spouse's grandparent, grandchild, spouse's grandchild, spouse's sibling, sibling's spouse, nephew, niece, uncle, aunt, great-grandparent, or great-grandchild. For purposes of this disclosure, a step-relationship or adoptive relationship is considered the same degree as a natural relationship. If, during any procurement process, I become aware of any actual, potential, or perceived conflict, I will immediately notify my manager and the OCCC's General Counsel.

I agree that I will not participate in any procurement process if I have, or if I am aware that any member of my immediate family has, an actual, potential, or perceived financial interest in a procurement, including, but not limited to, employment or prospective employment, in a business or organization that may be a respondent (a respondent may be called a proposer, an offeror, a bidder or other like term) or a subcontractor to a respondent. The term "immediate family," as used in this Certification means: One's parents, spouse, children, brothers, and sisters, whether residing together or not.

I agree that I will not solicit or accept anything of value from an actual or potential respondent. Should I receive a gift, whether solicited or unsolicited, from an actual or potential respondent or a current, potential, or previous vendor, I agree to follow my agency's policies regarding disposal of the gift.

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When participating in procurement processes, I will act on my own accord and not act under duress. I will not participate in a procurement process if I am currently employed by, or if I am receiving any compensation from, or if I will be the recipient of any present or future economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor, or service in return for favorable consideration of a respondent(s) during a procurement process.

I will not let any preconceived position I may have regarding the relative merits impact the fair and impartial performance of my responsibilities, nor will I perform my responsibilities based on a personal preference or position regarding the worth or standing of any respondents participating in any procurement. Further, I will, to the utmost of my ability, ensure that the solicitation and the specifications provide all potential respondents an equal and fair opportunity to submit a proposal for evaluation, taking care to ensure that specifications and evaluations are not intended to favor any particular respondent, performing any and all tasks related to the solicitation in an unbiased manner, to the best of my ability, and with the best interest of the State of Texas paramount in all decisions.

I agree not to disclose or otherwise divulge any information pertaining to a procurement including, but not limited to, the following: the development of the solicitation, the content of any response received, the ranking of any response, or the status of the procurement, to anyone other than authorized agency personnel (e.g., approved evaluators, management) assigned to the procurement unless such communication is lawful and in the ordinary course of business consistent with my agency's purchasing policy. I understand the terms "disclose or otherwise divulge" to include but are not limited to, reproduction of any part or portion of any response, or removal of same from designated areas without prior authorization from my manager. If I receive a request for information regarding a procurement from a vendor or other member of the public, I will follow my agency's procedures for responding to such requests which may include providing notification to personnel designated by my agency to manage public information requests.

I agree to perform any and all duties relating to the award process in an unbiased manner, to the best of my ability, and with the best interest of the State of Texas paramount in all decisions.

I will immediately inform both my management and the OCCC's General Counsel if, at any time during the procurement process, any of these statements are no longer true and correct.

I have been given the opportunity to review this statement prior to signing. If I have questions or concerns about this statement, I am to contact my management or the OCCC's General Counsel. **I have not made any changes or deletions on this form without informing my manager or the OCCC's General Counsel.**

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Should I violate any of the conditions of this agreement, I understand that I may be subject to the agency's disciplinary policies as well as possible actions relating to any professional certifications or licenses that I may hold.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

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## APPENDIX B: Risk Assessment Matrix

Table 1. Evaluation Criteria

| FACTOR  | LOW  | MEDIUM  | HIGH   | EXTREMELY HIGH  |
|---|--|---|--|---|
|   | 1  | 2   | 3  | 4   |
| Total Cost  | <\$25K   | >= \$25k but <\$100K  | >= \$100k but <\$1million  | >\$1million   |
| Type of Contract Purchase                         | Interagency, MOU or Inter-local  | 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 insignificant to OCCC's mission                  | Contract services are minor to OCCC's mission   | Contract services are major to OCCC's mission                            | Contract services are critical to OCCC's mission                  |
| Compliance History                                | No issues of noncompliance   | Moderate instances of non-compliance  | Substantial finding of noncompliance                                     | Substantial finding of noncompliance – never contracted with OCCC |
| Stability & Experience of Vendor's Key Management | No recent change and significant experience                            | No recent change, but not significant experience; or recent change but significant experience | Recent change and not significant experience                             | Recent change and less than 1 year of experience                  |
| Number of Years 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 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 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)                        |



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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                                    |       |
| Compliance History                                |       |
| Stability & Experience of Vendor's Key Management |       |
| Number of Years in Business                       |       |
| Performance Measures                              |       |
| Time Constraints                                  |       |
| Deliverables                                      |       |
| Audit Results                                     |       |
| <b>TOTAL</b>                                      |       |

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 | <b>E</b> | 35 - 44     | Projects include unexpected levels of risk, including critical issues that are likely to occur if the contract is not properly managed. Agency must consider possible contract risks, document and include them in the contract management plan and determine how risk will be monitored.   |
| High Risk           | <b>H</b> | 24 - 34     | 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       | <b>M</b> | 12 - 23     | Projects contain some level of risk that may occur. Agency should consider if a contract management plan is required. If contract management plan is not required, the Agency will identify and document with an explanation of how risks will be managed. This information will be maintained with other contract documentation. |
| Low Risk            | <b>L</b> | 0 - 11      | Projects contain minimal risks and are unlikely to occur. Agency can proceed with contracting as planned.   |