

State Preservation Board

Contract Management Handbook



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SPB Contract Management Handbook

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1. Introduction

The purpose of this handbook is to establish consistent contract management policies and procedures that must be followed by State Preservation Board (SPB) staff. The information contained in this Contract Management Handbook, in combination with the SPB Purchasing Policies and Procedures Manual, reflects the procurement policies, procedures, and practices of the State Preservation Board. The intent of this Handbook is to assist agency staff in understanding the processes that must be followed in order to adequately manage contracts.

SPB also uses the Texas Comptroller of Public Accounts' (CPA) State of Texas Procurement and Contract Management Guide to ensure that proper procurement and contracting procedures are followed.

2. State and Agency Ethical Standards for Officers and Employees

State officials and employees are responsible for protecting the safety and welfare of public funds. All state officials and employees must pursue a course of conduct that does not raise suspicion among the public. Therefore, they must avoid acts which are improper or give the appearance of impropriety. This conduct is particularly important for state purchasing personnel and contract management personnel who are charged with the disposition of state funds.

Agency purchasing and contract management personnel must adhere to the highest standards of professionalism in performing their official duties. The nature of purchasing and contract management functions makes it critical that everyone in the contract management process remain independent and free from the perception of impropriety. Any erosion of public trust or any shadow of impropriety is detrimental to the integrity of the purchasing and contract management process. Therefore, all SPB employees who participate in the state procurement and contracting activities shall adhere to state and agency ethical standards. Violation of these standards is subject to discipline, up to and including termination.

3. Conflicts of Interest

By statute, any person 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 contracting process. All purchasing and contract management staff must sign a conflict of interest statement certification (Appendix A). In addition, by approving vendor Requisitions in the CAPPS purchasing system, each approval authority certifies that he or she:

1. Has no financial interest in, or connection with, the contract;

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2. Has not accepted or received, and will not accept or receive, from a person or entity to whom the contract has been awarded, directly or indirectly, anything of value or a promise, obligation, or contract for future reward or compensation; and
3. Has disclosed any possible conflicts of interest to the SPB Executive Director.

SPB staff who have knowledge of any conflicts of interest by any staff involved in the procurement process that has previously not been disclosed must report it to the SPB Executive Director.

Under TX Govt. Code § 2262.004, officers or employees involved in the specification development or a contract award determination for any major contract (contract with a value of at least \$10 million) must sign a Nepotism Disclosure Form (Appendix B) before the agency may award the contract to a business entity. Each SPB staff member working on the contract must disclose in writing to the SPB Executive Director any relationship that the employee has with an employee, a partner, a major stockholder, a paid consultant with the prospective vendor for contracts valued more than \$25,000; or other owner of the business entity that is within a degree described by TX Govt. Code § 573.002.

TX Govt. Code § 2252.908 prohibits agencies from entering into contracts over \$1 million unless the business entity submits a *disclosure of interested parties* to the agency at the time the business entity submits the signed contract. Before fully executing a contract valued at \$1 million or more, SPB must obtain a copy of the Disclosure of Interested Parties Form (Appendix C) from the proposed vendor. The SPB will submit the Disclosure of Interested Parties Form to the Texas Ethics Commission within 30 days of receipt of the disclosure.

Under TX Govt. Code § 2261.252, SPB may not enter into a contract with a vendor if any of the following agency employees or officials has a financial interest in the contract:

- A member of the agency's governing body;
- The governing official, Executive Director, General Counsel/Attorney, Procurement Director;
- A family member related to an employee or official described above within the second degree by affinity or consanguinity;

Having a "financial interest" in this section 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.
- A financial interest that is prohibited by this section does not include a retirement plan, a blind trust, insurance coverage, or an ownership interest of less than 1% in a corporation.

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Conflicts of interest language is contained in all agency procurement solicitations, contracts, and purchase order terms and conditions.

Under TX Govt. Code § 572.069, state officers and employees who participated in a procurement or contract negotiation are prevented from accepting employment with the vendor for 2 years after the officer's or employee's service or employment with the agency have ceased.

Required Forms:

1. Conflict of Interest Statement (Appendix A)
2. Nepotism Disclosure/Disclosure Statement for Purchasing Personnel (Appendix B)
3. Disclosure of Interested Parties Form (Appendix C)

4. Signature Authority

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 agency policies and procedures, and that the contract is in the best interest of the state.

The SPB Board has delegated to the agency Executive Director the signing and monitoring of all contracts for the agency. Only the agency Executive Director or the employees named in a signed *Delegation of Authority* letter are authorized to sign contracts on behalf of the agency.

5. Contracts Requiring Enhanced Monitoring

Per TX Govt. Code §2261.253, the SPB by rule will establish a procedure to identify each contract that requires enhanced contract or performance monitoring and submit information on the contract to the SPB Board.

Enhanced Monitoring for Contracts over \$1 million - Under TX Govt. 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;
- Corrective action plans required under the contract and the status of those plans;
- Any liquidated damages assessed or collected under the contract.

The agency will verify the accuracy of any information reported by a contractor and the delivery time of goods and services.

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As discussed in section 3 of this document, prior to entering into contracts over \$1 million with a final signature, the business entity must submit a *Disclosure of Interested Parties Form* (Appendix C) to the agency at the time the business entity submits the signed contract.

SPB must provide 10 business days' notice to the Legislative Budget Board (LBB) before payment can be made on any contract that is over \$1 million that was awarded outside of the competitive process. This notice will include a certification, in the form prescribed by the LBB, from the SPB Executive Director that the purchase complied with the State of Texas Contract Management Handbook, Procurement Manual, applicable statutes or the alternative process used and the name of the person directing that process.

Enhanced Monitoring for Contracts over \$5 million - Under TX Govt. Code § 2262.255, for all contracts over \$5 million, the Procurement Director (SPB Director of 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 SPB Board on any potential issue that may arise in the solicitation, purchasing, or contractor selection process.

Enhanced Monitoring for Contracts over \$10 million - Under TX Govt. Code § 2262.101, all solicitations expected to result in contracts valued at \$10 million or more must be submitted to the State of Texas Contract Advisory Team for review prior to the solicitation being posted. This requirement is without regard to source of funds.

SPB must provide 10 business days' notice to the LBB before payment can be made on any contract that is over \$10 million. This notice will include a certification, in the form prescribed by the LBB, from the SPB Executive Director that the purchase complies with the State of Texas Contract Management Guide, Procurement Manual, applicable statutes or what alternative process was used and the name of the person directing that process.

6. Contract Risk Management

Under TX Govt. Code § 2261.256, 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 contractor selection process, contract provisions and payment and reimbursement rates;
- Identifying contracts that require enhanced contract monitoring or immediate attention of the contract management staff;
- Establishing clear levels of purchasing accountability and staff responsibilities related to purchasing.

Risk will be assessed through the agency risk management process and as identified by the SPB Internal Auditor through her ongoing risk assessment plan for the agency. Contracts identified

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as high risk will receive enhanced monitoring and additional attention from the Contract Manager assigned to the contract and purchasing staff.

The purpose of the risk assessment process is to help focus limited monitoring resources on contractors with the highest risk for noncompliance.

The risk management process includes 1) risk identification, 2) risk analysis, 3) risk evaluation, 4) risk treatment and contingency planning and 4) risk monitoring. Contract management risks are as varied as the types of contracts. Risk categories common to contract management include product risk, process risk, financial risk and schedule risk.

There is not an objective or mathematical formula that can be used to identify or quantify the risk imposed by a particular contract. Risk determination is based on subjective experience. Several factors that may be useful in identifying the level of risk include:

- Type of procurement process used to contract - competitive/non-competitive;
- Payment type/structure
- Contract dollar amount;
- Impact on essential agency functions;
- Stability and experience of contractor's key management staff;
- Percentage of services performed by subcontractors;
- Past performance;
- Audit outcomes;
- Contractor number of years in business;
- Performance Measures in contract;
- Deliverables;
- Experience of agency assigned Contract Manager with contract subject matter/type of procurement

Additional risk factors can be added as appropriate for each contract.

At the beginning of the procurement process, SPB Purchasing staff will conduct a preliminary risk assessment to make an initial determination about the level, type and amount of management, oversight and resources required to plan and implement the contract from beginning to end. Routine purchases of goods and services are considered low risk contracts. Once the initial risk assessment is completed by SPB Purchasing staff, Contract Managers are responsible for reviewing and re-evaluating risk on a continual basis until the contract is fully performed and final payment made. Please see Appendix D for the SPB Risk Assessment Matrix.

Purchasing accountability procedures are currently in place and detailed in this SPB Contract Management Handbook and in the SPB Purchasing Policies and Procedures Manual.

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7. Contract Management

Contract management refers to the entire contracting process. Contract management is the coordination and management of four core processes:

- Planning
- Procurement
- Contract Formation
- Contract Administration through closeout

All contracts, regardless of the dollar amount, are monitored. A contract is a written document referring to promises or agreements for which the law establishes enforceable duties and remedies between a minimum of two parties. A written contract signed by all contracting parties, contract amendment, Purchase Order (PO), Interagency Agreement, and Memorandum of Understanding are all considered contracts.

Each contract will have a designated Contract Manager from the requesting division. For Purchase Orders, the designated Contract Manager is the employee who originated the CAPPS Requisition as the "Requestor" for the PO. For written contracts, the Contract Manager is designated and listed on the CAPPS Requisition form.

Planning

The first step in contract management is planning. SPB Division Directors are responsible for designating a Contract Manager early in the planning phase of a project. The Contract Manager should be involved in all aspects of planning for the contract, including:

1. Identifying need for the good or service;
2. Developing the project team;
3. Assessing risk;
4. Determining the procurement method;
5. Planning for the content of the procurement document;
6. Determining a cost estimate.

Procurement

In cooperation with the Purchasing Department, the Contract Manager will assist in developing the procurement document to select a vendor for the project. The Contract Manager will also be involved in the vendor proposal evaluation process used to select the vendor. At a minimum, vendor selection criteria will include contractor qualifications; contractor experience; financial capability; proposed services, including work plan and methodology; and cost. The procurement document must also state the methods to be used to monitor contractor performance.

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Contract Formation

The purpose of any written contract is to serve as a reference document that records the terms of the agreement to prevent misunderstanding and conflict as to those terms at a later date, and creates a legal, binding and enforceable obligation. The Contract Manager will work with the Purchasing Department and Staff Attorney to draft a contract document based on the procurement document. Once a contract document has been drafted and approved by the Staff Attorney, the following procedure must be followed to document internal agency approval of the contract.

1. Contract Manager submits a CAPPs Requisition for funds/budgetary approval;
2. Once the CAPPs Requisition is fully approved, Purchasing notified the Contract Manager and Staff Attorney that the contract may be forwarded to the vendor for signature.
3. The Staff Attorney sends two contract originals to the Contractor for signatures. Once returned from the Contractor and signed by the SPB attorney and Executive Director, one original will be sent to the Contractor and one original will be kept in the SPB contract files (maintained by the Director of Administration).

Contract Administration

Contract administration and oversight include seven general processes:

1. Planning
2. Monitoring Performance
3. Change Management
4. Payment Approval
5. Dispute Resolution
6. Termination
7. Contract Closeout

The primary tasks of contract administration are to:

- Verify contractor performance for purposes of payment
- Identify material breach of contract by assessing the difference between contract performance and material nonperformance.
- Determine if corrective action is necessary and take such action if required.
- Develop a completion plan for exit requirements for acceptance, final payment, and contract closure.

Contract Manager Responsibilities:

- Participating in developing the solicitation and writing the draft specifications, vendor qualifications and evaluation criteria.
- Assisting in conducting contract risk assessments.
- Consulting with the Staff Attorney to address any potential legal concerns.
- Being thoroughly familiar with all aspects of the contract.
- Serving as the point of contact for disseminating the instructions regarding the work to the contractor.

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- Receiving and responding to communications between the agency and the contractor.
- Managing, approving, and documenting any changes to the contract. *Note that any formal changes to the contract scope, cost or time frame must also be approved and include a contract amendment signed by the agency Executive Director. Any changes to the contract amount must go through the CAPPS Requisition process for funds/budgetary approval.*
- Managing any state property used in contract performance (identification badges, access cards or keys, etc.).
- Identifying and resolving disputes with the contractor in a timely manner.
- Implementing a quality control/assurance process, if applicable.
- Maintaining appropriate records and documenting significant events.
- Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements.
- Monitoring the accounting process to ensure sufficient funds are available on the contract.
- Verifying accuracy of invoices and authorizing payments consistent with the contract terms.
- Watching out for vendor and agency employee fraud and avoiding the perception of impropriety.
- Performing the contract closeout process and ensuring the contract file contains all necessary contract documentation, lessons learned, and contractor evaluation for completing the required Vendor Performance Reports per TX Govt. Code § 2155.089.

Contract Managers are **not** authorized to:

- Instruct the contractor to start work before the contract is fully executed.
- Change the scope of the contract without doing so through the formal Contract Approval Form amendment process.
- Direct the contractor to perform work that is not specifically described in and funded by the contract.
- Extend the time period of the contract without execution of an approved amendment.
- Allow the contractor to incur any additional costs over the limit set by the contract.

Note that the level of contract administration necessary will not be the same for all contracts. The level of contract administration necessary should be consistent with the complexity and level of risk of the contract, its term, and dollar value.

Procedures for contract administration of specific contracts should be described in the solicitation document and in the contract. General contract administrative activities include management of contract amendments through documentation of any changes to the contract scope, schedule and payment.

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Planning for Contract Administration

In order to properly plan for contract administration, the Contract Manager must ensure that he thoroughly understands all of the components of the contract. Examples of such contract components include:

- Expected outcome measures - significant deliverables should be tied to the payment schedule.
- Costs - The total cost, including any indirect cost allocation of the goods and services to be performed.
- Risks - Identifying and managing potential risks.
- Contract Performance - When, where, and how the goods and services are to be delivered.
- Acceptance/Rejection Terms - The agency's right to inspect and accept or reject the goods and services and the conditions of acceptance or rejection.
- Contract Dates - The effective date, completion date, renewal terms, and any additional dates necessary to monitor contract performance.

For large dollar or complicated contracts, a post award conference may be necessary after the contract is awarded. The purpose of this meeting is to explain or clarify contract requirements and to establish clear communications with the contractor. The Contract Manager should prepare a summary of the meeting for the contract file.

Monitoring Performance

Contract performance monitoring typically includes site visits and review of contract reports and other documentation. Contract monitoring results should be not only for determining contractor compliance with the contract, but also to improve contract requirements for future contracts. If there are unnecessary restrictions or insufficient restrictions, the Contract Manager should take note so future contracts can incorporate the changes.

Change Management

Throughout the term of the contract it may become necessary to make changes to the contract. Changes are made via a formal contract amendment and must be reviewed by the Staff Attorney, and if additional funds are involved, a CAPPs Requisition must be submitted and approved prior to executing any amendment. Failure to manage and control changes can result in unintentional modification to the scope of work, extension of the schedule, increase in the contract cost, circumvention of management controls and diminished contractor accountability. Contract amendments should be within the scope of the original contract and the competitive process underlying the original contract. Consult with the Purchasing Department if there is any question whether the change is within the original contract scope.

Payment Approval

The costs incurred by the contractor should be in accordance with what is stated in the contract. Invoices should be reviewed to ensure that the contractor's billing coincides with the

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contract's progress. This requires that the contractor's performance and progress be measurable. **Cost incurred or invoices submitted, in and of themselves, are insufficient indicators of the contractor's progress.**

If the Contract Manager believes that the requested payment exceeds the contractor's progress, payment must be withheld pending agency satisfaction that the invoice is correct. Invoices must be approved by the Contract Manager prior to payment. The Contract Manager is responsible for reviewing the invoice to ensure:

- The contractor is billing only for goods and/or services received by the agency.
- The goods and/or services have been inspected and accepted.
- The invoice is correct and complies with the pricing, terms, and conditions of the contract.
- The total payments do not exceed the contract limits.

Contract Managers have the responsibility to protect the interests of the agency and the State of Texas and under appropriate circumstances, it may be deemed necessary to withhold payments from contractors. Circumstances where it may be necessary to withhold payment include, but are not limited to:

- There is a material breach of the contract by the contractor;
- Errors in the invoice;
- Unsupported or undocumented costs;
- To remedy previous overpayments on the same contract; and
- Contractor's performance is non-conforming or unacceptable.

Dispute Resolution

To avoid escalation of problems and ensure the agency has not exacerbated potential problems, it is imperative that agency personnel respond promptly to all contractor inquiries. The Contract Manager should work with the contractor to identify the problem, research the facts, and evaluate all the information to determine the correct course of action. Proper dispute resolution is a core skill of successful contract management. Identification of problems early in the performance period, effectively communicating and formalizing the process in writing via a cure notice or less formal written procedure is essential. A contract termination is a failure by both parties. Termination is a last resort and rarely needs to be done. The Contract Manager must inform the Purchasing Manager of any potential problems as they occur.

Termination

When a contract is terminated, the parties are relieved from further unperformed obligations in accordance with the agreed upon terms and conditions. A contract may be terminated under two distinct processes: 1) Termination for Convenience; and 2) Termination for Default. A termination for convenience allows the agency to terminate any contract, in whole or part, at any time at its sole discretion, if it is determined that such termination is in the best interest of the agency. A contract may be terminated for default when the agency concludes that the contractor has failed to perform, make progress, or in any way breaches the contract.

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Termination for default should be used as a last resort after the agency has done everything within reason to assist the contractor curing any default. Specific procedures for termination are written into the standard terms and conditions of all agency contracts.

Contract Closeout

The purpose of the contract closeout process is to verify that both parties to the contract have fulfilled their contractual obligations and there are no responsibilities remaining. In addition, contract closeout is the time to assess the success of the contract and determine if there are any lessons learned for future contracting. A contract is completed when all goods and/or services have been received and accepted; all reports have been delivered and accepted; all administrative actions have been accomplished; all agency furnished equipment and materials have been returned; and final payment has been made to the contractor.

As part of the contract closeout process for all contracts \$25,000 and above, Contract Managers are required to report contractor performance to the Purchasing Manager for inputting into the Texas Comptroller of Public Accounts (CPA) Vendor Performance system. For the purposes of the CPA Vendor Performance system, Contract Managers are required to evaluate, at a minimum, the following aspects of a contract: commodity and/or service delivery; and commodity and/or service performance. Contract reporting forms are available from the Purchasing Manager.

Management of Division Specific Contracts: As noted earlier, the methods to be used to monitor contractor performance will be stated in the procurement document and in the contract. The agency Division Director responsible for the contract will formally designate a Contract Manager on the CAPPs Requisition. The Contract Manager will create a contract monitoring worksheet specific to the contract being monitored. The Contract Manager is responsible for thoroughly reviewing the contract to determine what aspects of the contract will be monitored and the criteria to be used to evaluate contractor performance.

Sample contract monitoring worksheets as well as additional information about the contract management process are available in the State of Texas Procurement and Contract Management Guide available on the SPB Intranet and on the CPA website.

Please contact the agency Purchasing Manager for assistance with contract management procedures.

Role of the Purchasing Department in Contract Management - SPB Purchasing Department personnel are responsible for facilitating the procurement and contract management processes to ensure compliance with state laws, and state and agency policies and procedures.

Purchasing Department Responsibilities include:

- Through the agency's Certified Texas Contract Manager(s) (CTCM), provide guidance and support to the Contract Managers;
- Determine the solicitation and procurement method;

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- Facilitate the procurement process and adhere to all State purchasing rules, policies, and laws as well as SPB Purchasing Policies and Procedures;
- Lead evaluation teams;
- Communicate awards with the Vendor;
- Communicate with the vendors during planned or active solicitations;
- Provide oversight to ensure that the State of Texas Contract Management best practices are adhered to and are able to survive an external audit;
- Work with Contract Managers to address contract changes;
- Aid departments with developing plans for new solicitations and/or renewals, modifications, and changes;
- Enter Vendor Performance data into the Texas Comptroller of Public Accounts Vendor Performance system;
- Provide progress reports to Agency Management on contracts identified as high risk or having performance issues;
- Maintain appropriate and required records in the official contract file;
- Ensure compliance with posting requirements;
- Facilitate compliance with all procurement rules and policies;
- Conduct risk assessments and assign risk level to new contracts with assistance of the Contract Manager;
- Ensure that the required reviews and approvals are conducted and obtained prior to solicitation, award, and prior to executing changes or amendments;
- Immediately report to the agency Executive Director any issues or risks to a contract;
- Immediately report to the agency Executive Director any of the following: conflict of interest; potential conflict of interest; fraud; potential fraud; any incident that is an ethical problem; any incident that may lead to ethical questions; failure of a peer, self, contract manager or contractor to abide by required purchasing and contracting rules, laws, or policies.

8. Contracts Files

The Director of Administration will be responsible for maintaining an official contract file for all contracts. The Contract Manager is responsible for keeping a complete working contract administration file and providing copies of all critical documents to the Director of Administration. The file will provide a basis for settling claims and disputes should they arise in administrative or court actions. Throughout the life of the contract, the contract administrative file should contain such things as:

- A copy of the contract and all amendments;
- A copy of the CAPPs Requisition approving use of funds;
- A copy of all documents incorporated into the contract by reference (drawings, bid documents, etc.);
- A list of contractor submittal requirements;

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- A list of agency furnished property or services;
- A copy of the post award conference summary, if conducted;
- A copy of all correspondence related to the contract;
- All contractor submittals/reports;
- A copy of all notices to proceed, to stop work, or to correct deficiencies;
- A copy of all letters of approval pertaining to such matters as materials, the contractor's quality control program, prospective employees, and work schedules;
- The records/minutes of all meetings, both internal and external;
- A copy of all contractor invoices;
- A copy of all backup documentation for contractor payment or progress payment, and copies of any audits;
- A copy of the contract monitoring worksheet or other documentation detailing the monitoring process.

The Contract Manager must be able to provide the above documents to the Director of Administration on request.

Records Retention - The following is the required retention policy for all purchase orders, contracts, and contract related documentation:

1. For contracts and purchase orders entered into 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 the contract expires, terminated, or is completed, after all issues have been resolved. Along with the contract, all solicitation documents shall also be retained.
2. For all contracts and purchase orders entered into prior to 9/1/2015, the records retention period is four (4) years.

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APPENDIX A CONFLICT OF INTEREST

Contract # _____

Contractor Name: _____

No employee of the State Preservation Board (SPB) shall have an interest in, or in any manner be connected with, any contract or bid for a purchase of goods or services by the agency. Neither shall any employee, 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. Each employee who is involved in procurement or in contract management shall disclose to the SPB Executive Director any potential conflict of interest specified by state law or agency policy that is known by the employee with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor by SPB.

By signing this document, I certify that:

- 1) I have read and understand the above statement, and
- 2) Regarding the above listed Contractor, I have disclosed any possible conflicts of interest that exist now and will immediately disclose any future possible conflicts of interest to the SPB Executive Director.

Printed Name

Signature

Date

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APPENDIX B

NEPOTISM DISCLOSURE/DISCLOSURE STATEMENT FOR PURCHASING PERSONNEL

INSTRUCTIONS

1. The disclosure statement must be submitted by purchasing personnel prior to the award of any major contract (A contract with a value or at least \$10 million).
2. This statement must be submitted even if you answer "no" to questions 1 and 2 in part 2.
3. A copy of this statement should be submitted to the Executive Director of the state agency.
4. A new or amended statement must promptly be filed with the parties listed in step 3 of these instructions whenever there is new information to report under Texas Government Code, Section 2262.004.

PART 1: GENERAL INFORMATION

Name of business entity being considered for award of a major contract: _____

Firm's Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

PART 2: DISCLOSURES

Definition: (Texas Government Code, Section 2262.004) Purchasing personnel *includes an employee of a state agency who makes decisions on behalf of the state agency or recommendations regarding: (A) contract terms or conditions on a major contract; (B) who is to be awarded a major contract; (C) preparation of a solicitation for a major contract; or (D) evaluation of a bid or proposal.*

Employee Printed Name: _____ Job Title: _____

Purchasing personnel of a state agency must disclose information regarding certain relationships with, and direct or indirect pecuniary interests in, any party to a major contract with the state agency prior to the award of a major contract.

1. Do you directly or indirectly own or control more than a 10 percent interest or pecuniary interest with a value exceeding \$25,000 in a business entity this is under consideration for an award of a major contract with you agency?

No Yes If yes, please explain in detail the nature of such relationships. (Attach additional sheets as needed.)

2. Do you have a relationship with an employee, partner, a major stockholder, a paid consultant with a contract of at least \$25,000 with the business entity under consideration for an award of a major contract, or other owner of the business entity that is related within a degree described by Government Code, Section 573.002?

No Yes If yes, please explain in detail the nature of such relationships. (Attach additional sheets as needed.)

I hereby attest that all information provided above in questions 1 and 2 are complete and accurate to the best of my knowledge. I acknowledge my responsibility to submit promptly a new or amended disclosure statement to the party listed in step 3 of the instructions if any of the above information changes.

Purchasing Personnel Signature: _____ Date: _____

Printed Name: _____

PART 3: SIGNATURE AND DATE

I hereby acknowledge receipt of the State Agency uniform nepotism Disclosure Form signed by the purchasing staff member indicated above.

Executive Director Signature: _____ Date: _____

Printed Name: _____

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APPENDIX C **Disclosure of Interested Parties Form**

Note that this form must be filed online at <https://www.ethics.state.tx.us/File/>

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APPENDIX D Risk Assessment Matrix

The Risk Assessment Matrix is a tool to be used by the Purchasing Department and Contract Managers to analyze a contract to identify areas of risk (the potential for loss, harm, or damage to occur due to errors or problems associated with the contractor's performance). This tool also allows agency staff to identify specific areas that may need accelerated monitoring.

This tool should be used prior to: 1) awarding contracts from competitive solicitations; 2) entering into new contracts with vendors; and 3) renewing existing contracts.

#	Risk Factor	Risk Level - LOW Score 1-3	Risk Level - Medium Score 4-7	Risk Level - High Score 8-10	Justification/Comments	Assessed Risk Score
1	Type of Procurement Process/Contract	Interagency, MOU	Informal bid solicitation	Consulting, Emergency, Sole Source, Construction, Formal bid		
2	Payment Type/Structure	Fixed price	Rate or fee for services	Cost reimbursement		
3	Contract \$ amount	Less than \$100K	\$100K to \$1 million	Over \$1 million		
4	Essential Agency Function	Contract services are not critical for SPB mission	Contract services are moderately essential to SPB mission	Contract services are essential to SPB mission		
5	Stability & Experience of Contractor key management staff	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		
6	Percentage of services performed by subcontractors	No subcontractor involvement	Subcontractors account for 50% or less of contract work performed	Subcontractors account for more than 50% of contract work performed		
7	Past Performance	Met or exceeded expectations	Met or exceeded the majority of expectations	Did not meet Owner expectations		

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#	Risk Factor	Risk Level - LOW Score 1-3	Risk Level - Medium Score 4-7	Risk Level - High Score 8-10	Justification/Comments	Assessed Risk Score
8	Audit Outcomes	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)		
9	Number of years in business	More than 5 years	1 - 5 years	Less than 1 year		
10	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		
11	Deliverables	Contract contains multiple deliverables that are clearly defined	Contract contains at least one clearly defined deliverable	No deliverables included in contract		
12	Contract Manager experience with contract type/subject matter	Extensive experience with contract type/subject matter	Limited experience with contract type/subject matter	No experience with contract subject matter		

Overall Risk Score: _____

Low risk procurement: 0-36

Medium risk procurement: 37-84

High risk procurement: 85-120

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Summary of Risk Assessment:

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Risk Mitigation Plan:

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