



Texas Racing Commission

Contract Management Handbook

Purpose: To provide the agency with a consistent policy that delineates staff roles and responsibilities for contract management.

Policy: Pursuant to Texas Gov't Code 2262.051, TPASS, in consultation with the Office of the Attorney General (OAG), the Department of Information Resources (DIR), the Comptroller of Public Accounts (CPA), and the State Auditor's Office (SAO), developed and periodically updates the Contract Management Guide (CMG) for use by state agencies. The Texas Racing Commission (TXRC) has established policies that are in compliance with the above referenced government code and with the contract management guide provided by the CPA.

Authority: Texas Government Code, Title 10, Subtitle F, Chapter 2262 - Statewide Contract Management

Accountability and Responsibilities:

- I. Purchaser: Serves as the agency purchaser, contract manager and HUB coordinator.
- II. Director of Administration: Audits financial records for compliance with purchasing and contracting guidelines.
- III. Chief Fiscal Officer: Serves in the capacity of contract oversight, compliance and financial resources.
- IV. Staff: Any staff involved with procuring resources and services for the agency. Staff must use proper purchasing procedures.

I. Purchaser: Serves as the contract manager and is the designated agency staff that has primary responsibility for the day-to-day management of contracts, including but not limited to:

- Monitoring vendor performance and fiscal, financial and record keeping requirements;
- Taking timely and appropriate action to resolve performance and compliance issues;
- Providing assistance as needed to departmental staff with receiving, reviewing and approving contract deliverables.
- Documenting receipt of contract deliverables and communicating acceptance of these deliverables to appropriate departments.

- Processing contract modifications, i.e., amendments, Change Order Requests, etc.;
- Providing training and technical assistance to the vendor;
- Settling contract disputes;
- Recommending renewal or non-renewal of the contract;
- Handling contract termination and closeout;
- Providing complete and accurate contract correspondence and documentation;
- Providing timely contract updates to appropriate section and
- Attending contract management continuing education to maintain necessary certifications.

II. Contract Management: The Purchaser will assist assigned staff responsible for contract management, including but not limited to:

- Monitoring the vendor's performance to ensure that vendors comply with the terms, conditions, and specifications of the contracts.
- Working with assigned staff as applicable, assessing contract claims, disputes and deficiencies, whether initiated by the vendor or the TXRC and taking appropriate action.
- Reporting vendor performance data required for the Comptroller of Public Accounts, who manages the Vendor Performance Tracking System.

A. Reviewing Contract for Accuracy

The contract should be reviewed during each step of the execution process as outlined in the contract procedures listed below. Agency staff must ensure that all concerns or issues have been addressed and corrections made during the execution process. Reviewers should pay particular attention to:

- Vendor name – the vendor name on the contract should be the full, legal name of the entity, this name should also match all of the required contract forms;
- Signature – the individual signing the contract on behalf of the vendor must be an authorized agent able to bind the company in contracting decisions;
- Contract Forms – all required forms must be completed, filled out correctly, and attached to the contract;
- Funding Information – the total dollar amount on the contract must be correct; any and all budget calculations must be accurate; and,
- Effective dates – the effective date and end dates must be specified and correct.

B. Contract Support

1. The Chief Fiscal Officer and Director of Administration have responsibilities that are critical to the contracting process, including but not limited to:

- Ensuring that funds are available for the contract and its amendments. Departments should be identifying continuing and new contracts during the annual operating budget development process;

- Assisting department staff in identifying available funding for new unforeseen contracts, when necessary;
 - Reviewing the cost/benefit analysis and, as needed, assisting department staff in preparing the cost/benefit analysis.
2. The Accounting Department also has responsibilities in the contracting process, including but not limited to:
- Requesting vendor ID numbers, setting up new vendors in TINs, and updating the Uniform Statewide Accounting System (USAS);
 - Processing vendor payments on all contracts according to Texas Government Code, Chapter 2251; Prompt Payment Law and/or terms of the contract;
 - Verifying the established spreadsheet to track all invoices for contract/blanket purchase orders, ensuring the contract is not running out of funds.
 - Providing Purchaser incoming invoices to review according to the terms of the contract.

C. Records Management:

In accordance with applicable statute, policies and procedures, each TXRC staff member that manages contracts is responsible for:

- Maintaining contract management files, including but not limited to documentation of procurement related processes with which the contract was involved.
- Coordinating with the Purchaser to provide procurement and contract management related information and data from files to state oversight entities and internal auditors.
- Retaining each contract and related documents it enters into for a period of seven years after the contract expires, terminates, or is completed for all contracts entered into on or after September 1, 2015; and for all contracts entered into prior to September 1, 2015, the records retention period is four years.

D. Contract Procedures:

- Staff prepares a Statement of Work (SOW) for a potential contract and forwards it to the Purchaser.
- If appropriate, depending on state purchasing rules, the Purchaser will initiate an agency contract which will be reviewed according to section A above.
- Once completed, the purchaser will have the initiating staff review for accuracy.
- After review of the staff, the contract will be reviewed by the Chief Fiscal Officer and forwarded to General Counsel for review and approval.
- The Chief Fiscal Officer will submit the contract to the Executive Director for approval and signature, and then the Purchaser will submit it to the vendor for signature.

- Upon receipt of a fully executed contract, the Purchaser will provide a copy to the initiating staff, vendor and Accounting Department. The Accounting Department will be responsible for monitoring the costs of the contract and alert the Chief Fiscal Officer and initiating staff of any contract issues.

Risk Assessment and Enhanced Contract Monitoring Policy

A. Risk Assessment and Monitoring

All TXRC contracts must be monitored to verify that the contract is performing effectively and efficiently in accordance with contract terms and conditions. Contract monitoring includes planned, ongoing, periodic, or unscheduled activities that measure and ensure compliance with the terms, conditions, acquisition, service delivery and related requirements of a contract.

The objective of contract monitoring is to promote accountability and ensure the TXRC gets what it pays for by:

- Determining compliance with the terms and conditions of the contract, including applicable state and federal regulations;
- Providing feedback and technical assistance to prevent non-compliance;
- Evaluating system and process controls to ensure reliable validation of service deliverables; and
- Assessing and evaluation progress towards successful completion of performance requirements and outcomes.

Contract managers must monitor contract activities and establish a monitoring plan.

A monitoring plan must:

- Document the contracts that will be monitored during established timeframes,
- Document the monitoring activities developed for individual contracts based on the complexity, value and risk of the contract, and
- Track the status and progress of monitoring requirements.

By assessing risk and allocating monitoring resources accordingly, TXRC can more effectively focus limited resources on contracts that pose the highest risk to the State. A risk-based approach does not mean lower risk contracts are not monitored; rather more complex or higher risk contracts may receive more frequent or in-depth monitoring. Risk must be assessed on an ongoing basis in order to identify and account for changes that require an adjustment in the prioritization of contract monitoring activities. If new or greater risks are identified for a contract during the fiscal year, contracts may be added to the monitoring plan.

B. Enhanced Monitoring

Enhanced monitoring is an increased level of monitoring, beyond the regular monitoring normally used. Such increased monitoring may include, but is not limited to: frequency of site visits, provider meetings, and documentation requirements deemed necessary by the agency to assess progress of the contractor toward meeting the identified goals and outcomes established in response to assessments of unsatisfactory performance in accordance with this procedure. – *Texas Comptroller's Office*

Texas Government Code 2261.253 (c) specifies that state agencies are required to establish by rule a procedure to identify each contract that requires enhanced contract or performance monitoring. This information must be submitted to the agency's governing body, or if the agency is not governed by multimember governing body, the officer who governs the agency.

In accordance with Texas Government Code 2261.253 (c), the Chief Financial Officer and/or Director of Administration shall immediately notify the Commissioners and the Executive Director of any serious issues or risk that is identified with respect to a contract monitored under this process.

Any contracts exceeding **\$1 million** in value will be subject to enhanced monitoring protocols.

This handbook is supplemented by other manuals and reference materials including, but not limited to:

- The State of Texas Contract Management Guide
<http://www.window.state.tx.us/procurement/pub/contractguide/>
- The State of Texas Procurement Manual
<http://www.window.state.tx.us/procurement/pub/manual/>