



**Contract
Administration
Office**

CPA Contract Management Guide

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TABLE OF CONTENTS

PURPOSE	3
MISSION & GOALS	3
CAO ROLES AND RESPONSIBILITIES	4
CONTRACT RISK	5
SB 20 and Risk-Based Monitoring	6
Changes to Risk	7
CONTRACT MANAGER RESPONSIBILITIES AND BEST PRACTICES	8
General Best Practices for CPA Managed Contracts	9
Cybersecurity Training for Contractors	14
Major Information Resources Projects	15
Change Control and Amendment Actions	16
Vendor/Contractor Changes	17
Extensions and Renewals	18
Contract Closeout	18
Records Retention for Contract Files	19
Risk Rating of Agency	20
CAO CONTRACTS REPOSITORY	20
Access and Guidance	20
Division Libraries	20
Document Types	21
QUALITY CONTROL OF DOCUMENT COMPLIANCE	22
Monitoring of Contract Documents in CAO Contracts Repository	22
When Contract Managers Do Not Respond (Escalation Procedures)	23
CONTRACT MANAGEMENT POLICIES	23
SUMMARY OF CCMG UPDATES	25

PURPOSE

This guide is used to assist in strengthening contract management practices within CPA in compliance with all contract-related legislation.

As background information, Senate Bill 20 (SB 20) of the 84th Legislature, Regular Session, established the requirement for this guide and other stronger agency contract oversight practices. To strengthen those practices, the State of Texas Procurement and Contract Management Guide was rewritten, and this CPA Contract Management Guide (CCMG) was created by the Contract Administration Office (CAO) to comply with the bill's requirements and the statewide guide.

The purpose of the CCMG is to ensure all contract management-related activities associated with the life cycle of a CPA (Agency) contract:

- ✓ Comply with [Senate Bill 20](#), [Senate Bill 65](#), [Senate Bill 533](#), [House Bill 3834](#), and other contract-related legislation.
- ✓ Abide by the State of Texas Procurement and Contract Management Guide.
- ✓ Incorporate recommendations from CAO and use applicable professional best practices to manage, monitor, and/or administer agency contracts.

This document provides the highest level of governance capabilities to ensure pragmatic risk-based monitoring, oversight, and continued improvement for all agency contracts and processes are effectively performed. Agency contracts include all Executive signed contracts and purchase orders of any amount issued for the purchase of all goods or services within CPA.

Per statute, the Statewide Procurement Division (SPD) of CPA has established several contracts and services on behalf of the state that any state agency can use (e.g., TxSmartBuy, Term, TxMAS, etc.). Those are outside the scope of this guide.

MISSION & GOALS

As part of its mission, CAO leads contract administration, management, monitoring, and oversight efforts for CPA. We collaborate with multiple business areas to support contract efforts and facilitate quality and excellence in all phases of contract management activities. The business areas include Budget and Internal Accounting, Procurement, and Legal Services.

CAO provides the tools necessary to enable Executive Management, division management, contract managers, contract monitors, and other stakeholders to successfully manage and monitor contracts throughout the entire contract life cycle. CAO accomplishes this through training and by implementing and maintaining a comprehensive set of policies, processes and resources.

CAO has established the following goals:

1. Create a comprehensive, risk-based contract administration, management, and oversight program that addresses the legislative requirements of Senate Bill 20 and any contract-related legislation enacted during subsequent legislative sessions.
2. Introduce and implement policies that promote positive behavior and govern the effective administration, management, and oversight of the agency contracts throughout the contract life cycle.
3. Provide stable industry best practices, tools, and resources that promote quality outputs and desired outcomes for contract managers, contract monitors, and other agency stakeholders.
4. Develop, maintain, and deliver high-quality training and provide other resources and tools to meet the needs and requirements of agency management, contract managers, contract monitors, and other stakeholders.
5. Determine and maintain performance measures that assess compliance with Senate Bill 20 and evaluate improvements across the agency and within business areas.

CAO ROLES AND RESPONSIBILITIES

CAO has established the following roles and responsibilities to support contract management, monitoring, and administration of contracts:

1. Notify the contract manager within two business days after CAO has finished loading a new contract packet into the repository.
2. Create and maintain contract records in the Centralized Accounting and Payroll/Personnel System (CAPPS).
3. Post applicable agency contracts on the Legislative Budget Board (LBB) database and provide information to the LBB explaining changes or to address additional questions or requests for contract information.

4. Provide support to contract managers in completing required, recommended, and optional contract management-related documents and processes (e.g., contract management and monitoring plan (CMMP), streamlined contract monitoring schedule (SCMS) and vendor performance reports) within the required timelines.
5. Request periodic status of all active contracts within CAO's purview (see the [SB 20 and Risk-Based Monitoring](#) section for frequency) and meet regularly with contract managers who manage high-risk contracts (see the [Monitoring of Contract Documents in CAO Contracts Repository](#) section for details on meeting schedule).
6. Provide oversight, monitor risk, and validate that contract managers are following established best practices. This may include a review of required contract-related documents and periodic status meetings with the contract manager.
7. Serve as an *initial* point of contact and escalation path for all contract-related questions or issues. This does not preclude you from initiating this with your management or Legal Services, but CAO **must** be kept in the loop.
8. Provide contract status reporting to Executive Administration on a monthly basis or as required.
9. Conduct training for staff involved with managing and monitoring contracts.
10. Provide communication and maintain support materials and resources (e.g., CAO website and newsletter).
11. Collect vendor performance data from CPA contract managers and enter into the Vendor Performance Tracking System to ensure legislative compliance. Monitor contract closeout activities (Closeout Checklist) to ensure proper contract closure.

CONTRACT RISK

During a contract's life cycle, CAO will perform various risk assessments based on risk criteria. The assessments will determine the level of the management and monitoring required. Risk is a critical factor because it governs the contract management and monitoring requirements for contract managers.

Risk analysis is performed in three stages:

1. **Planning and Procurement** – If a procurement is over \$1 million, a [Procurement Request and Information Template \(PRIT\)](#) is required. This planning document is reviewed by applicable stakeholders before a purchase is completed.

2. **Contract Award** – CAO uses the agency approved [CAO Contract Risk Model](#) to determine the risk of a contract based on several criteria. This specifically includes the maximum contract value and the experience CPA has with the vendor. The risk assessment score determines which documents and status reporting frequency are necessary for managing each contract. CAO also uses this analysis to allocate the resources required to administer contracts appropriately. See the [Table 1- Required Best Practices Based on Level of Risk](#) for more information.
3. **Contract Management** – The contract manager will complete an additional risk assessment of the deliverables, services, and terms and conditions for high-risk contracts. Also, the contract manager should re-evaluate risk throughout the life of the contract based on events that occur. Regardless of the risk level, a contract will be re-evaluated for risk if there is an amendment to the contract or if a significant issue occurs.

SB 20 and Risk-Based Monitoring

High-risk contracts, including those identified by SB 20 as needing “enhanced monitoring,” require additional contract management planning and monitoring of documentation to comply with statute. CAO has defined enhanced monitoring to include:

- Completion and maintenance of a Contract Management and Monitoring Plan (CMMP).
- Completion and maintenance of a Streamlined Contract Monitoring Schedule (SCMS).
- Completion of a formal closeout checklist.
- Routine direct meetings with CAO.
- Status on contract performance periodically.

Contract managers who manage high-risk contracts are required to have a current Certified Texas Contract Manager (CTCM) certification or are working toward obtaining one within a specific time period.

CAO formally assigns **medium-risk** contracts to contract managers for monitoring purposes. Although not required, CAO *recommends* enhanced monitoring for this contract level. A CTCM certification is not required to manage these contracts, but is preferred. Routine meetings will not occur regularly, unless contract-related issues arise. However, CAO will request a quarterly status update on contract performance and a formal closeout checklist.

CAO does not formally assign or monitor all **low-risk** contracts unless the contract requires status reporting. CAO may request the status on contract performance periodically but will not request a formal closeout checklist. A division director/manager or designee is responsible for managing other low-risk contracts at the operational level and these do not require status updates. Normally, this is the division contact listed on a requisition. CAO will only monitor these contracts if issues occur.

Please note that leases, interagency contracts (IACs), interlocal agreements (ILAs), and memorandums of understanding (MOUs) are excluded from enhanced monitoring plans unless CAO identifies a need for them.

Changes to Risk

CAO may change the risk level of a contract after the initial assessment. New risk assessments may be triggered due to various changes either to the contract, circumstances surrounding the contract, or other factors. These changes include but are not limited to:

- The introduction of new amendments (with or without material changes),
- Assignment of contracts or services,
- Vendor solvency
- Vendor performance
- External factors (example: COVID 19)

Note: Adjustments to the risk assessment may occur even if the vendor is compliant with the contract terms.

A contract amendment that changes one or more deliverables, pricing, due dates, frequency of reporting, or any other significant terms affecting the fulfillment of the contract is a *material* change. If an amendment involves a material change, then it is the contract manager's responsibility to ensure that new deliverables are received, and updates are made to existing enhanced monitoring plans for high-risk contracts. If enhanced monitoring plans are not needed, the contract manager is required to monitor the new deliverables through whatever mechanism they choose to track contract compliance. Note that an amendment with a material change to a low-risk or medium-risk contract may change the designation of the contract to high risk. If that occurs, the contract manager would be required to implement enhanced monitoring plans. In addition, the risk level might change if any of the risk criterion change in the CAO Contract Risk Model. CAO will instruct the contract manager on how to proceed if the contract risk level changes.

CONTRACT MANAGER RESPONSIBILITIES AND BEST PRACTICES

When a solicitation of any kind is required, a business area should assign a contract manager before any procurement activities begin. This assignment is an integral part of the contract management process of planning, soliciting, evaluating, negotiating, and awarding. Regardless of the involvement during the procurement phase, the contract manager must thoroughly read and become familiar with each assigned contract upon execution, including any licenses, addendums, amendments, solicitation materials, and/or work orders that form the contract. It is the contract manager's responsibility to ensure that all reports and deliverables required in the contract are received and shared with the appropriate stakeholders.

State legislation has mandated that all contract managers must abide by certain rules when managing contracts. Contract managers must:

1. Abide by the State of Texas Procurement and Contract Management Guide.
2. Report vendor performance to CAO for contracts exceeding \$25,000 at the following intervals:
 - End of the contract term.
 - Contract renewal.
 - Occurrence of milestones or major deliverables for [Major Information System Projects](#).
 - Any contract issues.
3. Complete annual and bi-annual CPA training as a CPA contract manager:
 - Bi-annually attend a CPA Contract Management Roles and Responsibilities training *or* a CAO Advanced Contract Management training class (e.g., Invoice Process Training).
 - Annually complete cybersecurity training per House Bill 3834.
 - Complete mandatory ethics training every two years.
4. Complete continuing education credits for CTCM certification if required to manage a contract.
5. Maintain contract files, including all the contract solicitation documents, per the Agency's records retention policy:
 - If a contract begins on or after September 1, 2015, retain all the documents for seven years. For a contract beginning before September 1, 2015, retain all the documents for four years.

- Any litigation, claim, negotiation, audit, open records request, administrative review, or other action involving the contract, or its related documents must be retained until all issues that arise are resolved. See the [Record Retention for Contract Files](#) section for more information.

General Best Practices for CPA Managed Contracts

Below is an outline of activities that **all** contract managers **must** follow throughout a contract's lifecycle, as applicable:

Pre-Award

1. Research agency needs and develop requirements and/or specifications when planning a procurement or purchase.
2. Set aside adequate time to plan for the solicitation of replacement goods and/or services while working with Procurement and other business areas.
3. Submit a Procurement Request Information Template (PRIT) for high-risk procurements and contracts.
4. Sign a Non-Disclosure Agreement (NDA) prior to participation.
5. Participate in developing and reviewing solicitation and draft documents (e.g., SOW), including performance criteria and measures of success, and how the evaluation will occur.
6. Produce any needed justifications or other required documents, such as a Proprietary Justification memo, Sole Source Justification memo, DIR waiver request, etc.
7. Complete the Nepotism and Conflict of Interest forms before participating in activities later in the procurement process.
8. When a contract being managed is to be replaced due to expiration or termination, participate in any required activities to include those listed above and the evaluation of goods and/or services that when awarded, will fulfill the business need.

Post-Award

1. Participate in contract kickoff activities, as required. Activities may take the form of a formal kick-off meeting, or informal means such as an email exchange or phone conversation/conference. To determine the means you use for a post-award conference and which is most appropriate, review the following factors:
 - Type of contract.
 - Level of risk.
 - Value and complexity.

- Length of contract, performance period, and/or delivery requirements.
 - Procurement history of the products or services required and the expertise of the contractor.
 - Urgency of delivery schedule.
 - Agency's prior experience with the contractor.
 - Any special or unusual contract requirements.
 - Any special or unusual payment requirements.
2. Populate and maintain the contract documents, folders, and data in the designated CAO Contracts Repository.
 3. Serve as the point of contact for all communications between the Agency and the vendor regarding contract activities.
 4. Document and communicate significant communications or events.
 5. Ensure that the vendor provides the appropriate insurance coverage (workers compensation, general liability, etc.) throughout the life of the contract, if required for the services. **Note:** If the contract is a Department of Information Resources (DIR) contract, insurance certificates are not required to be maintained by CPA but by DIR who should be receiving them as part of their process.
 6. Maintain appropriate performance monitoring data to verify goods or services conform to contract requirements.
 7. Provide appropriate financial management and budget oversight.
 8. Manage risks proactively throughout the life of the contract.
 9. Manage and monitor any state property used in conjunction with the contract (e.g., computers, telephones, identification badges, etc.).
 10. Determine the type of report and frequency required from vendor to measure vendor progress towards the delivery of goods and/or services.
 11. Determine if the contract necessitates a site visit to verify actual versus reported performance – trust but verify.
 12. Ensure that all the goods and services are properly inspected, tested, and accepted according to contractual requirements.
 13. Respond timely to status requests from CAO.
 14. Provide proper reporting and notifications of contract issues. The Contract Issue Resolution Process, approved by Executive Administration and Legal Services, will address vendor performance concerns, including noncompliance, corrective action and administrative remedies up to and including Vendor Performance Tracking System (VPTS) entries.
 15. Notify division management and CAO of issues IMMEDIATELY and consult with Legal Services to address any legal concerns.

16. Perform formally documented reviews of independent security assessments issued by vendors of external data centers or other IT services. These reports and any responsive documentation MUST be accessible to CAO upon request for all applicable contracts. These reports must also be included as a deliverable in the SCMS for high-risk contracts.
17. Manage, approve, and document any changes to the contract through the approved amendment process. This involves preparing and obtaining approvals for a Contract Amendment Request Document (CARD), which captures the desired contract changes. All core stakeholders will be informed through CARD approvals. So, it is important to do that as soon as possible. Note that a CARD is NOT required when the sole purpose of the amendment is to exercise a renewal. Contact CAO if you have any questions about CARD processing or approvals.
18. Notify Contract Administration and Procurement (CAP) and Legal Services in order to provide enough lead time for a replacement contract. Refer to [Procurement's Year-End Purchasing Deadlines](#) for recommended steps and time frames on procurements.
19. Complete contract closeout tasks in accordance with the contract.
20. Destroy contract documentation according to the Agency's records retention schedule.
21. Abide by the requirements and best practices in this guide.

A contract manager may be responsible for multiple contracts varying from low to high risk. Therefore, activities could be required for one contract while required activities for another contract may be different. The table on the following page provides clear guidance on the contract management activities that are required, recommended, or optional based on the risk of the contract.

Table 1 - Required Contract Management Best Practices Based on Level of Risk

Best Practice	High Risk	Medium Risk	Low Risk
Read and become familiar with all aspects of the contract	Required	Required	Required
Complete a Contract Management & Monitoring Plan (CMMP)	Required	As applicable	Not required
Complete a Streamlined Contract Monitoring Schedule (SCMS)	Required	As applicable	Not required
Conduct a kickoff meeting with the vendor to review requirements and identify the most important deliverables	As applicable	As applicable	As applicable
Work with the vendor to complete required cybersecurity training and attestations for individuals that access CPA data.	Required	Required	Required
Review each invoice submitted by the vendor to verify its accuracy and approve or dispute accordingly	Required	Required	Required
Secure and monitor funding for all contracts	Required	Required	Required
Complete and maintain an Invoice and Payment Reconciliation Log	As applicable	As applicable	As applicable
Perform regular and periodic formally documented reviews of Independent Security Assessment Reports issued by vendors of external data centers or other IT services	Required	Required	Required
Respond timely to requests from CAO	Required	Required	Required
Manage and document any changes to the contract using the approved amendment process	Required	Required	Required
Follow and abide by the Contract Issue Resolution Process when an issue arises	Required	Required	Required
Report and document issues and resolutions	Required	Required	Required
Complete Lessons Learned	As applicable	As applicable	As applicable
Report vendor performance at the end of the contract (if over \$25K)	Required	Required	Required
Abide by the Contract Closeout process based on the risk of the contract	Required	Required	Required

Contract managers are not authorized to:

- Allow the contractor to commence work before the contract is fully executed and the Purchase Order (PO) is issued.
- Change the scope or extend the term of the contract without complying with the formal CAP amendment process.
- Permit the contractor to perform work beyond what is specifically described in and funded by the terms of the contract without appropriate approval and an approved requisition, as applicable.
- Grant the contractor to recover costs above the budget limit set by the contract or incurred prior to the effective date of the contract.

Contract managers who manage information technology (IT) contractors through set aside programs (e.g., WorkQuest), an Agency staffing contract (Fiscal Management), or the DIR IT Staff Augmentation Contracts (ITSAC) Program must not solicit contractors for employment in any manner during the:

- Term of the appropriate work order, and
- Period of 90 calendar days after termination of the contract.

In addition, a contract manager must inform any other CPA managers and staff working or interacting with the contractor to do the same. Please note that there are occasions when a contractor's employer will agree to allow their employees to apply for agency vacant positions (WorkQuest is one of those employers). However, CPA managers must adhere to all posting requirements administered by Human Resources.

Vendor References

Contract managers are limited in what can be provided for vendor references. Per Legal Services, purchasing personnel and contract managers must adhere to the following if vendors request completion of a reference check form, survey, or questionnaire:

- CPA cannot endorse, provide testimonials, engage in any activities that might be viewed as favoring one vendor over another, or create an unfair advantage for the next round of bidding.
- CPA cannot "rate" vendors, services, or commodities. As an alternative, reference the Vendor Performance Tracking System (VPTS) which will contain CPA's report indicating satisfaction with and the grade given to the vendor for contract provisions.

- It is permissible to provide objective and factual information that is publicly available, such as contract type and dates, amounts paid, and information from VPTS.
- Inform the vendor that the VPTS is available to the public on the SPD website.

Solicitation References from Vendor or other Governmental Bodies

Other governmental bodies (DIR, UT, TXDOT City of Austin, etc.) or vendors may request a vendor reference from CPA during solicitations. In these cases, the agency or vendor may request that CPA complete a vendor reference form. Prior to providing the completed form to either the agency or vendor, the reference should be submitted to CAO for review. CAO will review the reference and compare the contents with prior vendor performance ratings and other agency documentation to ensure they align. CAO may coordinate with division staff and Legal Services if necessary, depending on the contents of the reference. Once a consensus is reached on the nature of the contents of the reference CAO will forward the approved reference form to the requesting party.

Cybersecurity Training for Contractors

It is mandated by statute that ALL contractors (including subcontractors and temporary employees) who access a CPA information system(s) must complete DIR approved cybersecurity training. It is the contract manager's responsibility to ensure each contractor has completed it.

Contractors may register for the CPA-required Security Awareness training provided through Information Security Office's learning management system or an equivalent DIR-approved training. A passing score is required within 30 calendar days following the date CPA granted access to the CPA information system(s) and at each subsequent contract renewal. Any contractor not completing the training within the required time frame will have their access to the CPA information system(s) terminated until the training is completed.

In addition, contract managers are required to request any applicable contractor submit a current version of the following information. The information is expected before the beginning of each contract term or at each renewal period the contract is active. Therefore, for contractors being managed, a contract manager should always have the following information:

- A list of individual contractors who have access to CPA information system(s).
- For each, the most recent completion date of the CPA-required or DIR-approved training.

- The recorded termination date for any individual (access to CPA systems removed).
- Proof that the training was completed.

This requirement applies to contractors with or without an assigned Access Control Intruder Detection (ACID). It does not include contractors who need CPA personnel for remote access of a CPA Information System to perform ad-hoc support or maintenance.

CAO will verify completion of the training for contractors with ACIDs by reviewing training completion reports from the Information Security Office (ISO) Division. For contractors completing any DIR-approved training, the contractor should sign a [Contractor Cybersecurity Training Attestation \(CCTA\)](#) form attesting that the information provided is true and accurate. Training information and records are required to be stored in the designated CAO Contracts Repository. CAO will notify contract managers of any deficiencies and provide statuses of all CPA-Required Security Awareness Training to DIR or Executive Management upon request.

Major Information Resources Projects

Per SB 65, CAO has new requirements for major information resources projects:

- [SECTION 2, Section 2054.003 \(10\)](#) (page two) states a major information resources project is defined as “(a) any information resources technology project identified in a state agency's biennial operating plan whose development costs exceed \$5 million and that:
 - (i) requires one year or longer to reach operations status;
 - (ii) involves more than one state agency; or
 - (iii) substantially alters work methods of state agency personnel or the delivery of services to clients; and
 (b) any information resources technology project designated by the legislature in the General Appropriations Act as a major information resources project.”
- When Information Technology (IT) or another business area enters into a major information project, the business area is required to notify or copy CAO on the following legislative requirements:
 - Per [SECTION 5, Section 2054.158 \(5\)](#) (page six), “provide a report to governor, lieutenant governor, speaker of the house of representatives, presiding officer of the standing committee of each house of the Legislature with primary jurisdiction over appropriations...and the quality assurance team (QAT).
 - Per [SECTION 15, Section 2155.089 \(a\) \(2\)](#) (page 12), report(s) on status of “each key milestone...” CPA defines a key milestone for reporting purposes as a major information resources project (IT) as a completed set of sprints, a completed major single deliverable, or other deliverables necessary to

measure vendor performance communicated to CAO by IT.

Note: Typically, all three milestones will be communicated to CAO from IT via a quarterly status report.

- Per [SECTION 7, Section 2054.160](#) (page 7), if an amendment is needed for a major information resources project, then the business area must do the following:
 - (d) Provide a justification to the QAT for the amendment in accordance with QAT rules
 - (c) “Notify the governor, lieutenant governor, speaker of the house of representatives, presiding officer of the standing committee of each house of the Legislature with primary jurisdiction over appropriations, and QAT if:
 - (1) the total value of the amended contract exceeds or will exceed the initial contract value by 10 percent or more, or
 - (2) the amendment requires the contractor to provide consultative services, technical expertise, or other assistance in defining project scope or deliverables.”
 - Review the vendor’s performance needs at each milestone, renewal, expiration, and before extending a contract.

Change Control and Amendment Actions

Below are new requirements from SB 65:

- Per [SECTION 25, Section 2261.204, \(c\)](#) (page 19), “if an extension of a state agency’s contract...modifies a provision for liquidated damages or another provision relating to a contractor’s liability for damages, the agency must amend the written explanation or justification required by this section to include a justification for the modification.” The justification must be stored in the contract file.
- Per [SECTION 29, Section 2262.056, \(b\)](#) (page 24), “a vendor awarded a services contract by a state agency may not assign the vendor’s rights under the contract to a third party unless the assignment is approved by the state agency.”
- Per [SECTION 29, Section 2262.056, \(c\)](#) (page 25), “at least 14 days before a state agency rejects or approves a vendor’s proposed assignment under Subsection (b), the state agency shall notify the Legislative Budget Board of the proposed assignment if the contract subject to the assignment:
 - (1) is for a major information resources project; or
 - (2) involves storing, receiving, processing, transmitting, disposing of, or accessing sensitive personal information in a foreign country.”

Vendor/Contractor Changes

Buyouts or Sales (Acquisitions)

For buyouts or sales (acquisitions), managers are required to follow the process in the State Procurement and Contract Management Guide.

A buyout or sale occurs when one company is purchased by another. The vendor or contractor of record must have the purchase order and, if applicable, the formal contract amended to receive payment when the order is delivered. The contractor of record must send the agency a letter stating the circumstances of the buyout or sale. If the contractor has already ceased operating as a separate business, the agency should obtain a letter indicating the sale of the company to the new contractor.

The contract manager must:

1. Ensure the acquiring entity sends a letter on the contractor's letterhead stating the date(s) of the acquisition, the vendor identification number, the Texas Identification Number (TINS), and any relevant contacts.
2. Obtain a letter from the Texas Secretary of State stating the acquiring entity is eligible to do business in Texas.
3. Notify the contractor that in order to receive payments at the new entity or a different location, the contractor must either engage CPA to amend the contractual arrangement or have CPA approve a payment assignment.
4. Contact the acquiring entity for the vendor identification number. If there is not one, the contract manager should tell the acquiring entity it needs to contact the CPA Tax Policy Division at 512-463-3459. A Centralized Master Bidders List (CMBL) representative will assist in obtaining a new vendor identification number in order to secure payment(s).

Name Change

To change the company name, the Agency should, as applicable, issue a letter amending the PO or obtain an amendment to the contract. The new contractor should be directed to contact the CPA Tax Policy Division to obtain a new VIN, if applicable, in order to secure payment.

The state recommends that agencies draft their contracts to require the submission of a written request from the contractor to the Contract Manager to change the contractor's name or to recognize a successor in interest to the contract.

Extensions and Renewals

Extensions are used to lengthen a contract's term when no renewal options are available, and the business area must continue to utilize the good(s) or service(s) for operational reasons. This usually occurs when the procurement to replace the good(s) or service(s) will not be completed before the existing contract expires. An extension retains the same contractual terms and conditions, but the expiration becomes a future date. It is essentially treated as an emergency procurement, which is something that needs to be avoided. Each extension must have a justification, an approved CARD, and an approved requisition.

Active contracts oftentimes include renewal options that allows CPA to continue the life of the contract for a designated period defined in the contract. It requires a requisition be completed for the renewal period being exercised (usually this is each fiscal year). Issuing the PO is sufficient to renew many CPA contracts. Please note that sometimes this term is used incorrectly by the business area to describe "I had it last year and need it again this year." In most cases, that describes a "rebid" not a renewal.

There are three types of renewals:

- **Automatic renewal** – A contract renewal that does not require CPA to notify the vendor. However, if CPA does not wish to renew a contract, a notification must be sent to the vendor within the lead time specified in the contract.
- **Nonautomatic renewal** – A required communication from CPA that indicates the agency wants to renew the contract for a contractual renewal period. An affirmative communication to continue is required with this type of renewal. When the contract is renewed, a purchase order is issued.
- **Renewal by Amendment** – This is a renewal that can occur only by amending the current contract consistent with that contract term. The sole purpose of the amendment is to renew the contract. In this narrow case, it does NOT require a Contract Amendment Request Document (CARD).

Contract Closeout

The Contract Manager must compare actual performance against performance measures, goals and objectives to determine whether all required work has been completed.

A contract is considered "completed" when:

- All goods 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.
- All property inventory and ownership issues are resolved, including disposition of any equipment or licenses purchased under the contract.
- Final acceptance from the project manager has been received.
- Final payment has been made to the contractor.
- Vendor performance has been reported to VPTS.
- Contract documents are in compliance with record retention requirements.
- A Contract Closeout Checklist has been completed and approved.

Late Final Invoices

Vendors are expected to invoice CPA as soon as possible after services are performed or goods are delivered. Purchase orders will remain open until a payment is made or the vendor fails to respond to a request to submit an invoice. If the vendor does not respond to a request for a final invoice, Accounts Payable or Procurement will close the purchase order. If an invoice is received later, the purchase order can be reopened.

Funds are available for payment through Accounts Payable for three fiscal years – the fiscal year the goods or services were procured plus two additional fiscal years. If an invoice is received after the close of the third fiscal year, the vendor must submit a request through the miscellaneous claims process in Fiscal Management.

Records Retention for Contract Files

The contract manager is responsible for managing and maintaining the documents in the CAO Contracts Repository and adhering to the Agency retention schedule specified for contracts. CPA's record retention schedule can be found at the Texas State Library and Archives Commission (TSLAC) [website](#).

- Contracts beginning prior to September 1, 2015 are to be retained After Closed + 4 (AC+4) years. If a contract increase exceeds certain dollar thresholds, the records retention time period will change to After Closed + 7 (AC+7) years.
- Contracts starting September 1, 2015 are to be retained AC+7 years consistent with SB 20.
- A contract manager must retain contract records beyond records retention schedules if any litigation or open records requests are outstanding at the time of disposition. At the end of the retention period, the contract manager must complete a [Records Disposition Log \(form 75-121\)](#) and submit it to the division's records liaison for approval. After approval, the log is submitted to Records Management.

- CAO may request to review the contract manager’s documents as circumstances warrant.

Risk Rating of Agency

A new monitoring assessment by the state auditor ([Senate Bill 65, SECTION 28, Sec. 2261.258](#) [page 19] was recently enacted. It requires the State Auditor’s Office (SAO) to assign a risk rating to each of the 25 agencies with the highest amount of spending. The rating is determined by audits that reveal whether an agency is performing satisfactorily in its contract development, award practices, and contract monitoring. The classification categories are satisfactory in its practices, needs less monitoring, or needs more monitoring. Statewide Procurement Division (SPD) is writing the rules for the ratings. The Comptroller’s Office is not involved in the writing process.

CAO CONTRACTS REPOSITORY

CAO currently manages a repository (currently on SharePoint) for the centralized storing of contracts and monitoring documents that each contract manager must use. It also provides an automated routing mechanism for Procurement Request Information Templates (PRITs) and Contract Amendment Request Documents (CARDs). With the exception of the Quarterly Status report, contract-related documents for the State Energy Conservation Office (SECO) and the Trust Company, are currently exempt from this requirement due to the nature of their contracts and the information systems they have in place. SPD contracts are entirely out of scope for CAO. These divisions comply with a database specifically tailored to accommodate the unique data fields of their contracts.

Access and Guidance

CAO will grant contract managers the appropriate access in the CAO Contracts Repository and identify the templates to use. In addition, CAO will provide further instructions on how to proceed with managing documentation Please contact CAO if you have any problems using the repository.

Division Libraries

The CAO Contracts Repository contains libraries for each Agency division. CAO will notify the contract manager when the assigned contract is in the repository. The contract manager will use their library to store different contract-related documents.

If divisions are changed or moved, CAO will revise the libraries and work with the new business area to establish the proper workflow approvals.

Document Types

Contract managers need to store any contract-related documents in SharePoint according to its type as noted below.

Amendment – Any formal contract change, including a required renewal action. If an amendment is for anything other than an administrative amendment (e.g., an amendment that only exercises a renewal, corrects a typo, etc.), the contract manager must submit a Contract Amendment Request Document (CARD) for approval.

CARD (Contract Amendment Request Document) – A fillable PDF form used to plan and document information about contract amendments. It is required for documenting the relevant information, justification, and description of each amendment, including any financial impacts.

CMMP (Contract Management and Monitoring Plan) – A document for high-risk contracts required by Senate Bill 20 from the 84th Legislature, Regular Session. This is one piece of how CPA has implemented “enhanced monitoring” from SB 20. The plan provides information about how a high-risk contract will be managed.

Contract Packets – Electronic documents that include copies of formally signed contracts and associated documents, such as addendums, license agreements, and any other instruments as part of the awarded contract.

Implementation Documents – Any deliverable documentation related to the implementation phase of the contract (e.g., implementation plan, project schedule).

Insurance Certificates & Bonds – Documents that are vendor insurance certificates and performance bonds that address contract requirements.

Invoices and Payments (required if invoices are not stored in CAPPs) – Documents that include invoices, supporting documentation, the Invoice Payment Reconciliation Log (PRL), and any other payment information (e.g., information related to discount provisions for prompt payment, letters pertaining to contract deductions or fee adjustments). When the number of invoices is large or complicated, use the [PRL](#).

Management & Monitoring Documents –These documents consist of closeout checklists, audit documentation, vendor meeting minutes, vendor performance details, and any other significant correspondence.

PRIT (Procurement Request Information Template) – A fillable PDF form is required based on the estimated total value and risk of a procurement. Business areas should submit a PRIT for approval if your procurement meets either or both of the following criteria:

- Estimated maximum value of procurement is \$1,000,000 or more or those that one would reasonably expect to exceed that amount based on optional services or natural growth of the contract.
- Procurement is high risk or identified as high risk by Executive Administration or by members of the Core Stakeholder Group (CSG).

Purchase Orders – These sometimes qualify as the contract itself. CAO will store it as the contract since it is required to be in the Repository. If the purchase order (PO) is simply the payment medium for a signed contract, it is recommended but not required for the repository.

Reports & Deliverables – These documents include vendor submitted plans, status reports, inspection reports, and other documentation that are a deliverable itself or evidence (e.g., copy of maintenance ticket or loading dock receipt). These are particularly important when CPA is required to approve them.

SCMS (Streamlined Contract Monitoring Schedule) – This type of enhanced monitoring plan required for tracking key deliverables in high-risk contracts on a monthly basis.

Solicitation Documents – examples include Statements of Work (SOWs), Best and Final Offers (BAFOs), and proposals. These need to be stored as part of the contract since they are incorporated by reference.

QUALITY CONTROL OF DOCUMENT COMPLIANCE

Monitoring of Contract Documents in CAO Contracts Repository

CAO will monitor a contract's compliance in the CAO Contracts Repository based on its risk level and requirements as specified in this guide. All high-risk contract documents will be reviewed in advance of a meeting with the contract manager (usually on a bi-monthly basis), except where noted in the CAO Contract Management System. Medium-risk and low-risk

contracts will be randomly sampled on a quarterly and semi-annual basis, respectively.

CAO will request any missing documents or clarifications from each contract manager via Outlook email. If a contract manager has not performed a required contract activity, CAO will provide comments explaining any deficiencies. The contract manager will have 10 business days to respond or upload the documents into the CAO Contracts Repository. If a contract manager is unable to locate a specific document, they should obtain it from the appropriate source or notify CAO for further instructions.

When Contract Managers Do Not Respond (Escalation Procedures)

If the contract manager has not responded to any of CAO's requests by the deadlines, then CAO will escalate the request to their manager and, if necessary, to their Division Manager or Director. CAO will report any noncompliance to the Manager of Contract Administration and Procurement, in addition to Executive Management, as appropriate.

CAO will collaboratively work with each contract manager to address any identified issues or deficiencies with additional training and support.

CONTRACT MANAGEMENT POLICIES

CAO has established the following contract management policies to facilitate adherence to the requirements and best practices set forth in this guide:

- **Staff Augmentation** – CPA contract managers are required to monitor the number of hours worked by each contractor and ensure there are sufficient hours and funds listed on the purchase order. When an increase in contractor hours or funds is needed, contract managers are required to submit a requisition. The requisition must be at least 45 days in advance of exhausting hours or funds on the purchase order OR after the Budget and Internal Accounting Division's (BIA) fiscal year requisition deadline is distributed. Any requisitions submitted after the BIA requisition deadline is an exception to this policy and will require additional approval by the business area director or CAO.
- **Contract Manager Transition** – When a change in a contract manager's role occurs, CAO should receive prior written notice at least two weeks before the change becomes effective. Within five business days of the notice, the business area division is required to assign a new contract manager, establish the effective date of transition, ensure the repository is current with documentation, verify any other documentation is provided electronically, and communicate any new procurements

that will replace a current contract. After CAO receives the aforementioned information, CAO will meet with the outgoing and incoming contract manager and complete a Contract Transition Checklist. At that time, if CAO identifies a training need or if the contract manager requires CTCM certification, CAO will contact the division.

- **Management of High-Risk Contracts** – State legislation has mandated that all contract managers must manage their contracts using “enhanced monitoring,” which requires additional contract management planning and monitoring documentation. CAO has defined enhanced monitoring to include completion of a CMMP and SCMS. Contract managers must:
 - Complete both documents within 30 days of the contract award.
 - Maintain each document throughout a contract’s life cycle.
 - Participate in periodic face-to-face meetings with CAO.

Maintenance includes updating SCMS deliverables and identifying new items and changes to risks in the CMMP when contracts are amended. Contract managers who manage high-risk contracts are required to have a Certified Texas Contract Manager (CTCM) certification.

SUMMARY OF CCMG UPDATES

CAO will update the CCMG as needed. Legislation, improved practices, and changes to the State of Texas Procurement and Contract Management Guide will influence changes to this guide.

Section Title	Version	Text Added/Revised and Page Number
Purpose	2.1	Section revised, page 3
Mission & Goals	2.1	Section revised, page 3
CAO Roles and Responsibilities	2.1	Section revised, page 4
Contract Risk	2.1	Number 1 text revised, page 5
Contract Risk-SB 20 and Risk-Based Monitoring	2.1	Text revised: High-risk and medium-risk meetings are routine and not necessarily face-to-face, page 6
Contract Risk-Changes to Risk	2.1	Section revised, page 7
Contract Manager Responsibilities and Best Practices	2.1	Section revised, page 8; Numbered list for Contract Managers revised, page 8
Contract Manager Responsibilities and Best Practices-General Best Practices for CPA Managed Contracts	2.1	Pre-Award section revised, page 9 Post-Award: Number 1 revised, page 9; Numbers 6, 7, 8, 14 revised, page 10; Numbers 10, 11, 12 added, page 10; Numbers 16, 17 revised, page 11; Number 20 revised, page 11; Number 21 added, page 11; Last paragraph of section added, page 11; General subsection content (training and continuing education credits) moved to page 8; Records Retention for Contract Files moved to page 19; Table 1 – Best Practice added: Work with the vendor to complete required cybersecurity training and attestations for individuals that access CPA data, page 12; Best Practice added: Secure and monitor funding for all contracts, page 12; Paragraphs added beginning with “Contract Managers are not authorized to...” up to Vendor References section, page 13
Contract Manager Responsibilities and Best Practices-Vendor References	2.1	New section, page 13
Contract Manager Responsibilities and Best Practices-Solicitation References from Vendor or other Governmental Bodies	2.1	New section, page 14
Contract Manager Responsibilities and Best Practices-Cybersecurity Training for Contractors	2.1	New section, page 14
Contract Manager Responsibilities and Best Practices-Major Information Resources Projects	2.1	New section, page 15

Section Title	Version	Text Added/Revised and Page Number
Contract Manager Responsibilities and Best Practices-Change Control and Amendment Actions	2.1	New section, page 16
Contract Manager Responsibilities and Best Practices-Vendor/Contractor Changes	2.1	New section, page 17
Contract Manager Responsibilities and Best Practices-Extensions and Renewals	2.1	New section, page 18
Contract Manager Responsibilities and Best Practices-Contract Closeout	2.1	New section, page 18
Contract Manager Responsibilities and Best Practices-Records Retention for Contract Files	2.1	Section moved from page 11; Link to Record Retention Schedule and Records Disposition Log added, page 19
Contract Manager Responsibilities and Best Practices-Risk Rating of Agency	2.1	New section, page 20
CAO Contracts Repository	2.1	First paragraph revised, page 20
CAO Contracts Repository-Division Libraries	2.1	Second paragraph added, page 20
CAO Contracts Repository-Document Types	2.1	Amendment revised, page 21; CARD added, page 21; CMMP revised, page 21; PRIT added, page 22; Purchase orders revised, page 22
Quality Control of Document Compliance-Monitoring of Contract Documents in CAO Repository	2.1	First paragraph revised, page 22
Contract Management Policies	2.1	Staff Augmentation revised, page 23; Management of High-Risk Contracts revised, page 24