



Contract Management Guide and Handbook

Introduction

The information contained in this Contract Management Guide and Handbook reflects the procurement policies, procedures, and practices of the Public Utility Commission of Texas. It outlines the purchasing and contracting processes used in procuring the products and services required to support the Agency's mission and goals. This guide and the processes contained herein comply with the Texas Government Code's requirements for state agency contracts, including the most recent revisions to the Government Code made by SB 20 during the 84th Legislature. If anyone has any questions regarding its contents or would like to discuss in more detail any of the procedures described herein you may contact the agency's purchaser at purchasing@puc.texas.gov.

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What is a Contract?

Things to consider:

1. A contract is a legally enforceable promise or set of promises.
2. Not every promise is legally enforceable.
3. Written contracts include all documents agreed to by the parties and incorporated by reference in the contract. Whether a document is a part of a contract may require legal analysis, so if you have a question about whether a document will be an enforceable part of the contract, please seek guidance from the agency's General Counsel.
4. Although some verbal promises are legally enforceable contracts, the PUCT does not enter into verbal contracts, all PUCT contracts must be in writing and signed by the Executive Director or his designee; or a purchase order (PO) must be issued and signed by a trained purchaser detailing the terms of the purchase agreement.

Elements of a Contract

To qualify as a contract the written agreement must:

1. Contain a set of promises based on all parties voluntarily agreeing to keep those promises;
2. Be an agreement between parties who have capacity to contract. You cannot contract with minors or individuals who lack the ability to understand the terms of the contract;
3. Be legal. It cannot require the parties to do something that is against the law.

All contracts are made up of:

1. Offer
2. Acceptance
3. Consideration

Contract Documents

Common documents involved in the process of procuring a contract may include:

1. Solicitation, sometimes referred to as a request for proposal (RFP), request for offer (RFO), invitation for bid (IFB), request for qualifications (RFQ) etc. The solicitation may be formal or informal;

2. Addenda to the solicitation;
3. Proposal or quote submitted by service provider;
4. Negotiated and agreed to changes to original scope;
5. Best and final offer;
6. Any document included in the contract by reference;
7. Signed contract.

Note: A purchase order is a contract because it contains the three elements of a contract. With every purchase you have an offer, acceptance, and consideration. The quote provided by the vendor is the offer. The PO issued by the purchaser is the acceptance of the offer. The agreement to pay the vendor for performing a service or delivering a product is the consideration.

Basic Types of Contracts

Purchase Order - Standard terms and conditions are included in every PO. The PO must clearly state what is being offered and accepted.

Custom contracts - Most contracts involve two parties, some may involve multiple parties. A written document detailing the actions of the parties is prepared and signed by the parties involved. These terms are often negotiated and often result from a competitive bid process. Custom contracts may include both standard terms and conditions and unique terms and conditions related to the services being performed or products to be delivered.

Interagency Agreement (IAC) - An agreement between two or more state agencies with a written description of services and relevant terms and conditions required by statute.

Interlocal Agreement (ILC) - Same as IAC but between a state agency and local governments such as cities and counties.

Memorandum of Understanding (MOU) - A simplified agreement outlining what two parties agree to do for one another.

Other variations of the above types of contracts may include: Memorandum of Agreement (MOA), Letter of Intent (LOI), Letter of Agreement (LOA).

Elements of a Contract

Critical First Step - Offer

The PUCT purchaser will solicit an offer, quote or proposal from a potential vendor. Often, the solicitation process requests offers, quotes or proposals from multiple vendors, which the PUCT must then choose between.

The vendor will provide a quote or submit a proposal to make an offer, giving power to PUCT to bind both parties to a contract by accepting the offer.

Simply stated: “The vendor says here is my offer (quote), if you agree to these terms, we have a deal.” You say “I accept.” A binding contract is formed.

Only trained purchasers, the Executive Director or the Executive Director’s designee may accept an offer to bind the agency to a contract.

Acceptance

At the PUCT, a signed contract or purchase order is the written acceptance of any offer.

At the PUCT, the Executive Director is typically the only person delegated authority to accept an offer, binding the agency by signing contract. The only exceptions to this rule are:

1. The Executive Director may delegate authority to accept an offer in writing to another Executive Staff; and
2. A trained purchaser may accept an offer by issuing and signing a purchase order. Prior approval by appropriate management level must be obtained on requisitions through CAPPs before the purchaser can issue a PO.

Consideration

Consideration is something with legal value, that is bargained for, agreed to, and given in exchange for performance or a promise to perform.

To be considered legal value it must be agreed:

1. To do something the party has no prior legal duty to do; or
2. To refrain from doing something the party has a legal right to do.

Contracting Rules

Unauthorized Purchases

Unauthorized purchases are to be avoided at all times and are a violation of state procurement rules. An unauthorized purchase may occur in one of two ways:

1. If a vendor does work, incurs any expenses, delivers a product, or performs a service prior to a signed PO or signed contract being provided to them it is considered an unauthorized purchase and vendor may not get paid.
2. If a PUCT employee purchases something or incurs any expense prior to a purchase requisition being approved and a valid PO being issued in CAPPS authorizing that reimbursement, that reimbursement may be denied will be considered an unauthorized purchase.

Unauthorized purchase letter - In order for payment to be made to a vendor or reimbursement made to an employee, an unauthorized purchase letter must be signed by the Director of Finance and Administration and the supervisor of the person committing the violation, acknowledging a violation occurred within their division.

Unauthorized purchase violations may result in disciplinary action.

Laws and Rules Governing Contracts

1. Federal and State Law, including
 - Article 2 of the Uniform Commercial Code
 - Texas Government Code
 - Texas Administrative Code
2. Common Law (precedent established by court decisions)
3. Other Governing Rules:
 - State of Texas Procurement Manual and Procedures
 - State of Texas Contract Management Guide
 - Comptroller Contract Advisory Team (CAT) Guidance

- Department of Information Resources (DIR) Rules
- PUCT Procurement Procedures
- Purchasing Approval Matrix
- PUCT Contract Management Handbook and Guide

Conflict of Interest

Prohibitions

1. A state agency is prohibited from entering into a contract for the purchase of goods or services with a private vendor with whom any of the following agency employees or officials have a financial interest:
 - a. A member of the agency's governing body;
 - b. The governing official, executive director;
 - c. General Counsel, Chief Procurement Officer, or Procurement Director of the agency; or
 - d. A family member related to an employee or official within the second degree by affinity or consanguinity.
2. A state agency employee or official who has a financial interest in a vendor if the employee or official owns or controls, directly or indirectly, an ownership interest of at least one percent in the vendor, including the right to share in profits, proceeds, or capital gains; or vendor could result in a financial benefit to the employee or official.
3. A financial interest prohibited by this section does not include a retirement plan, a blind trust, insurance coverage, or an ownership interest of less than one percent in a corporation.

Requirements

1. By statute any person involved in the development or approval of a contract who has an actual or potential conflict of interest must disclose it. Individuals with a conflict of interest will be removed from involvement in the contract process. PUCT management may also remove any individual from the development or approval of a contract if, in management's sole discretion, there is an appearance of impropriety or an unacceptable risk that a conflict of interest may arise.
2. All contract approvers and purchasing and contracts staff must sign a conflict of interest statement certification. (Appendix B)
3. Each approval authority in the workflow approval of a contract, by approving the contract, certifies that he or she:
 - a. Has no interest in, or connection with, the contract;

- b. 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
 - c. Has disclosed any actual or potential conflicts of interest to the Purchaser.
- 4. Any PUCT employee who has knowledge of any undisclosed conflict of interest by any employee involved in the procurement process must report it to the Purchaser.
 - 5. Report suspected fraud, waste, or abuse of state resources to the PUCT General Counsel at 512-936-7144, the PUCT Internal Auditor at 512-936-7448, or to the Texas State Auditor's Office at 1-800-TX-AUDIT.

Limitations on Employment of Former PUCT Employees and Officers

If an employee or officer of a state agency participates on behalf of the agency in a procurement or contract negotiation with a person or company, they may not accept employment with that person or company for two years after the employee or officer's employment with the state agency ceases.

Additionally, employees of state agencies are also prohibited from working for a person on a contract after they leave the agency if they performed work on the same particular matter that is the subject matter of the contract.

Finally, a state agency may not enter into a contract with the executive head of the agency, or a person who employs the executive head of the agency, for four years after the executive head leaves the agency, unless the Commission votes in an open meeting to approve the contract and notifies the Legislative Budget board a minimum of five days prior to the vote.

Contracting Process

Contracting Process Definition

The contracting process is a sequence of defined, repeatable activities that begin before contract award and continues through delivery, payment, and closeout;

It is the process of identifying needs, analyzing risk, planning, creating scopes of work, soliciting offers, evaluating offers, awarding contracts, administering, and managing performance for agreements to buy goods and/or perform services from another party; and

It is the art and science of managing a contractual agreement both from a legal stand point and performance based perspective.

Best Value Standard

In determining the best value, the purchase price and whether the goods or services meet specifications are the most important considerations. When the best value standard is used, other factors should be considered such as:

1. Installation costs;
2. Life cycle costs;
3. Quality and reliability of goods and services;
4. Delivery terms;
5. Past vendor performance;
6. Vendor's financial resources and ability to perform;
7. Vendor's experience, capability or responsibility;
8. Cost of training associated with a purchase; and
9. Other factors relevant to determining the best value in the context of a particular purchase.

For a purchase made through competitive bidding, the agency must specify in the request for proposal (RFP) the factors other than price that will be used in determining which proposal offers the best value for the agency.

State agencies are required to use information contained in the Comptroller's Vendor Performance Tracking System as a best value evaluation criteria.

For some contracts, the best value standard is required by law. The agency purchaser can advise you when this standard is required. When the best value standard is required, the Procurement Director (at PUCT this is the Finance and Administration Director) must approve the contract and document whether the vendor satisfied the best value standard in the vendor performance tracking system.

Statement of Work

The Statement of Work is the most important part of the contract. The SOW:

- May also be referred to as “scope of work,” “description” or “services”;
- Describes key elements of the contract or purchase. It must describe in detail the written offer, terms under which the offer is accepted and the consideration exchanged for performance of the offer;
- Describes in detail how each party is to perform and how performance is measured. This involves including in the contract clearly defined performance measures and/or deliverables that describe the conditions under which the service provider will be paid;
- Is used to minimize risk to PUCT, by describing in detail what parties are required to do. Including clearly defined performance measure and deliverables in the contract will minimize risk to PUCT; and
- Must include:
 1. Detailed list of services to be performed, actions to be taken by the parties, and/or products to be delivered;
 2. Performance measures that set the level of quality required and expected and that can be evaluated for compliance by the contract manager;
 3. Deliverables that must be met in order to receive payment;
 4. Dates deliverables are required;
 5. Consequences for not performing or meeting deliverables;
 6. A description of how compensation will be provided for successful performance;
 7. Rules for receiving payment.

Steps in the Contracting Process

All contracts and purchase orders must be processed through Purchasing, who in coordination with the General Counsel’s office, will determine the type of contract required. To assist with preparing required documents the following steps must be followed for all contracts:

1. Consult with both Purchasing and the General Counsel in the initial planning stages of a contract. This will avoid problems later in the process.

2. Plan the division's contracts. - This is a critical first step that often gets overlooked. Prior to the beginning of each fiscal year, decide what departmental contracting needs are. Plan scheduling of resources to have contracts in place to cover agency needs. This may involve scheduling meetings with stake holders, reviewing current contracts, reviewing performance of vendors, meeting with vendors to identify areas of improvement.
3. Identify needs. Do you have existing contracts that need to be renewed or amended? Do you need new contracts to cover your needs?
4. Perform a risk assessment. Once you decide on required services, determine the risk level for the agency and how to minimize that risk through contract requirements. The purchaser will assist divisions in completing a risk assessment form (Appendix A). Based on risk level, develop detailed statement of work with written performance measures that minimize risk. See PUCT Administrative Rule 27.170 for more information on enhanced monitoring of contracts based on the risk assessment.
5. Identify your budget to pay for services or products. Make sure proper budget codes are used and there is sufficient budget to cover the cost.
6. Submit a requisition in CAPPs for funding approval. Make sure your requisition passes budget checking, gets approved through the CAPPs requisition workflow and is ready to source to a PO or contract.
7. Attach all documents related to the purchase request including proposals, quotes, contract documents or agreements needing signature and any other correspondence related to the purchase.
8. Manage your requisitions. Periodically check on the status of your requisitions in CAPPs to make sure requisitions are working their way through workflow approval and pass budget check. If not, correct any budget errors and notify approvers that have not approved the requisition.
9. After a requisition is approved, the Purchaser will take the lead and will:
 - a. Clarify what you are requesting. This may involve requesting additional details, asking for clarification, calling vendors or service providers, consulting with TPASS, looking for items in Texas SmartBuy, finding other state approved sources. Timely communication with purchasing staff is critical for the success of your purchase request;
 - b. Help you select the best vendor in accordance with state purchasing rules;
 - c. Obtain quote(s) or verify quote received from requesting department;
 - d. Initiate a competitive solicitation process when appropriate;
 - e. Negotiate and seek to find the best value; and
 - f. Reach agreement with the other party on the terms of the contract. Certain standard legal terms are non-negotiable.
10. Process and dispatch a PO through CAPPs, providing the requestor and accounts payable a copy of the PO;

11. If a contract requiring signatures is involved, finalize details of purchase, and route contract documents for approval in CAPPs workflow;
12. After approval in CAPPs, hard copy contract is routed for acknowledgment memo by General Counsel and signature by Executive Director. Once fully signed, copies of the signed contract will be distributed to all parties involved;
13. Under no circumstances take a contract directly to Executive Director or General Counsel. Process starts and ends with the Purchaser;
14. There are three main functional areas of the contract process:
 - a. Contract Initiation/Administration
 - b. Contract Management
 - c. General Counsel.

Contract Initiation and Administration

This function is responsibility of requesting department or end user.

Requesting department is responsible for contract initiation including:

1. Consulting with Purchaser and General Law when necessary;
2. Identifying needs;
3. Planning;
4. Preparing risk assessment with assistance of Purchaser (reference Appendix A);
5. Developing detailed statement of work, deliverables and performance measures;
6. Identifying PUCT Policies that apply to services being performed;
7. Assisting Purchaser with contract development; and
8. Assisting with contract negotiations, when needed.

Requesting department, after contract has been awarded, will:

1. Apply specialized knowledge, skills, and techniques to support program activities;
2. Administer and manage daily operations of required services established in contract;
3. Manage performance as required in the contract. May require involvement of Purchaser should a dispute arise;
4. Ensure provider meets required performance objectives defined in the contract;

5. Oversee delivery and receipt of services;
6. Analyze invoices for contractual compliance;
7. Certify services were performed and deliverables met; and
8. Approve invoice for payment.
9. Upload approved invoice and all deliverables into the agency contracts database.

Contract Management

All contracts must be processed by the Purchaser. Always consult with the Purchaser when a contract is anticipated. The Purchaser is here to assist with the following:

1. Purchaser and General Law handle contract development. Purchaser and General Law will:
 - a. Conduct competitive solicitation processes as required, to select vendors/service providers based on best value standards;
 - b. Check Comptroller's Vendor Performance Tracking System (VPTS) to identify past performance issues before awarding contract or PO;
 - c. Process all contract documents and amendments including renewals;
 - d. Obtain required documentation;
 - e. Ensure appropriate terms, conditions and clauses are in each contract;
 - f. Negotiate final terms with other party;
 - g. Prepare and finalize contract documents;
 - h. Provide legal review;
 - i. Obtain reviews and approvals from all stakeholders. Contract approval is accomplished by routing through CAPPs workflow;
 - j. Obtain signatures from all parties and PUCT Executive Director. Contract documents are routed for signature in accordance with PUCT policies;
2. Ensure contracts are properly awarded in accordance with legal and statutory requirements and that the highest ethical standards are followed at all times;
3. Ensure integrity of PUCT is maintained in all its business dealings;
4. Meet Certified Texas Contracts Manager (CTCM) standards; and
5. Certify all contracts have been entered into in accordance with the rules, statutes and Contract Management Guidelines established by Comptroller.

6. The Contract Administrator will:
 - a. Enforce contract terms and manage actions of parties as governed by the terms of the contract;
 - b. Ensure PUCT receives the services contracted for, at the quality level expected, at the time agreed to and for the price that was negotiated.

General Counsel

The General Counsel's role in developing a contract will be:

1. Provide legal review, guidance, and oversight for all aspects of the agency's contracting framework;
2. Determine contractual statutory authority;
3. Ensure all legal elements of agency contracts are met;
4. Provide acknowledgement of legal review when required;
5. Assist in resolving contract disputes;
6. Assist with developing cure notices and corrective action letters;
7. Assist with determining when parties have breached the terms of a contract; and
8. Assist in assessing liquidated damages related to breaches of a contract.

PUCT Contract Approval Requirements

NO ONE, except the Executive Director or his or her designee, has the authority to bind the agency to a contract or commit agency funds.

It is very important to remember when dealing with an outside party you wish to contract with, whether it is a private company or another agency, that NO ONE within the agency, other than the Executive Director or trained purchaser, has the authority to commit agency funds or to accept an offer.

If a contract is signed by anyone other than the Executive Director or his or her designee it may be considered void and unenforceable.

Contracts will generally include a statement that says only the authorized representative of each party may sign the contract.

Purchasers may sign a purchase order provided a requisition was properly submitted and approved in CAPPs, giving authority to the purchaser to commit the funds.

All purchasers must have the appropriate training or certification required by the dollar amount of the purchase order they are signing.

The Purchasing Approval Matrix governs approvals required for all contracts, regardless of cost.

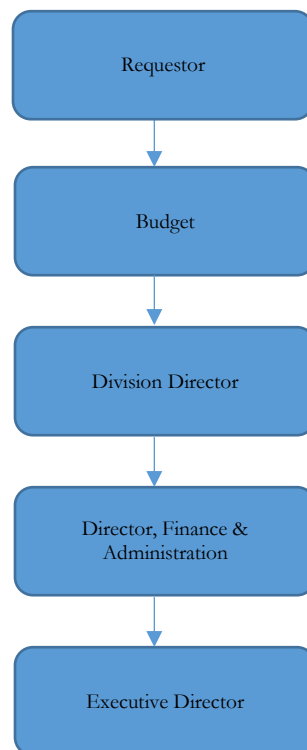
Establishes approval levels required for all purchases;

Establishes approvals required for information technology purchases; and

Used to establish approval workflow in CAPPs.

The Commission approval matrix for purchases is the same for contracts and purchase requisitions except for purchase requisitions less than \$5,000. Requisitions for purchases less than \$5,000 do not require Executive Director Approval through CAPPs.

Approval goes through the following steps:



In addition, in accordance with SB 20, The Contract Manager or Procurement Director shall:

1. Approve each contract awarded through the competitive sealed proposal process, using the best value standard;
2. Ensure best value standards are properly documented; and
3. Acknowledge in writing PUCT has complied with the agency's and Comptroller's Contract Management Guide.

DIR Purchases

The following are purchasing rules for the procurement of information technology related products and services using Department of Information Resources (DIR) contracts:

1. Commodities - Commodities are defined to include hardware, software and services. Thresholds are:
 - a. \$50,000 or less may be awarded directly to a DIR vendor;
 - b. \$50,000 to \$150,000 - at least three (3) DIR vendors must be solicited for pricing, if available;
 - c. \$150,000 to \$1 million, at least six (6) DIR vendors must be solicited for pricing, if available; and
 - d. \$1 million or greater - Agencies are required to conduct their own solicitation process and may not use a DIR contract.
2. Additional requirements for deliverables-based information technology services (DBITS), and managed services for information technology, telecommunications, and cloud services contracts greater than \$50,000:
 - a. submit statement of work (SOW) to DIR for review prior to submission to vendor(s);
 - b. submit SOW for DIR approval and signature prior to final execution; and
 - c. post the SOW on the PUCT website in the manner required by DIR rule.
3. Purchases that go through the Data Center Services program are governed by a separate statutory authority and do not have these restrictions. Purchases that are required to go through the Data Center Services program follow the process for the Data Center program.

Posting Requirements

The PUCT must post contracts and purchase orders as follows:

1. Agency public website:
 - a. For contracts and purchase orders exceeding \$15,000, post:
 - i. Statutory authority under which any no-bid contract was awarded;
 - ii. Solicitations; and
 - iii. Signed contract or purchase order.
 - b. Less than \$15,000 – a table recording all purchase orders under \$15,000 is posted on the agency’s website and will be updated monthly.

2. CAPPS - Attach documents to contract or purchase order.
3. Legislative Budget Board – Post contracts and related solicitation documents to the LBB website for:
 - a. Major information systems exceeding \$100,000;
 - b. Construction projects exceeding \$14,000;
 - c. Professional or consulting services exceeding \$14,000;
 - d. Contracts over \$50,000;
 - e. Emergency contracts over \$1 million or other contracts over \$1 million if not competitively procured; and
 - f. Contracts over \$10 million.
4. Electronic State Business Daily (ESBD) – Post:
 - a. Solicitations anticipated to be over \$25,000;
 - b. Proprietary purchases over \$25,000;
 - c. Purchase awards over \$25,000; and
 - d. Solicitations anticipated to be \$25,000 or less (optional).
5. Texas Register – Post:
 - a. Consulting services anticipated to be over \$15,000.

Performance and Closeout

Interpretation of Contracts

Interpreting contract terms and responsibilities is sometimes difficult and requires consulting with the Purchaser and General Law. Start with the Purchaser who will:

1. Determine if General Law involvement is required;
2. Determine the meaning and effect of the terms;
3. Determine principle objectives;
4. Apply common sense guidelines;
5. Interpret handwritten provisions in the contract that may prevail over written ones;
6. Determine whether actions of the parties may be used to interpret the intent of the contract terms;
7. Initiate the dispute resolution process if necessary.

Avoid contract disputes with a well-written statement of work, clearly defined performance measures, and payment terms based on clearly defined deliverables with specific time frames.

Performance of Contracts

Strict performance is adhering to the specific contract terms.

Substantial performance is:

1. Good faith performance;
2. Implied covenant of good faith and fair dealing;
3. Neither party will prevent the other from obtaining benefits they have a right to expect; and
4. Preventing abuses of power, encouraging ethical behavior.

Legitimate Reasons for Non-Performance are:

1. Contractual duty cannot be performed by anyone. (Illness or death does not excuse performance of duties that can be delegated to someone else.);

2. Supervening illegality;
3. Destruction of subject matter of the contract;
4. Unforeseen developments make performance highly impractical or unreasonably expensive; or
5. Mutual agreement in writing.

Remedies for Non-Performance

1. Corrective Action
 - a. Performance problems must be well documented.
 - b. Put vendor on notice, send cure notice letter.
 - c. Deadline passes, can extend, withhold payment, or claim breach.
 - d. Vendor may invoke dispute resolution process.
2. Withhold Payment
 - a. Performance problems must be well documented.
 - b. Vendor must be given the opportunity to correct problem.
 - c. If the problem is serious enough to consider non-payment, it may be time to terminate the contract.
3. Restitution
 - a. Must return the exact property conferred to the agency; or must return a sum of money equal to the benefit the contractor received.
 - b. Liquidated damages may be recovered if included in the contract terms.
 - c. Recover damages for losses that can be proven.
 - d. Liable only for losses foreseeable at time of contract.
 - e. Contractor may be responsible for the cost to re-procure services and resulting delays.
 - f. Both parties have the duty to minimize or avoid damages.

Receiving and Paying for Services

1. Before receiving services and approving an invoice for payment the PUCT staff receiving the services must:

- a. Know the contract - Read and understand the terms of the contract.
 - b. Provide the invoice to Accounts Payable immediately. The 30-day clock starts when an invoice is received by any PUCT employee.
 - c. Analyze the invoice. If the invoice is not correct, get the vendor to correct it. Make sure all services billed are listed in the contract.
2. Roles and Responsibilities:
- a. Requesting Division Contract Administrator:
 - i. Ensures invoices are properly completed and submitted on time;
 - ii. Must verify services performed are billable; and
 - iii. Uploads invoice and deliverable documentation into the agency contracts database.
 - b. PUCT Purchaser:
 - i. Interprets contract terms to resolve payment disputes;
 - ii. Confers with legal when necessary; and
 - iii. Communicates any non-compliance issues to the vendor.

Procurement File Closeout

The final step in the procurement process is closeout. To close out a contract or purchase file the following must occur:

1. All items must have been received and all services provided;
2. All performance measures must be completed;
3. All deliverables must have been received;
4. All contract disputes and performances issues must be resolved;
5. Final invoice must have been received;
6. Final payment must have been made; and
7. Vendor performance must be reported.

Vendor Performance Reporting

After a contract has been completed, or otherwise terminated, information about that vendor's performance, whether positive or negative, must be entered into the Comptroller's Vendor Performance Tracking System (VPTS).

Records Retention

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

APPENDIX A – RISK MANAGEMENT MATRIX

Public Utility Commission
Contract
Risk Assessment

Contract Name:

Contract Number:

Risk Categories	Assigned Risk Factor	Assigned Weight Factor	Calculated Risk
Performance History	2	0.2	0.4
Total Contract Cost	3	0.3	0.9
Contract Length	3	0.15	0.45
Nature of Service - How does contract impact agency goals	3	0.35	1.05
Calculated Risk Factor			2.8

Risk Levels:	
Low Risk	1
Medium-Low Risk	2
Medium-High Risk	3
High Risk	4

Performance History Risk Levels:	
PUCT Past Vendor - No Performance Issues	1
PUCT Past Vendor - Minor Performance Issues	2
New Vendor to PUCT, Existing State Vendor - No Performance Issues	3
New Vendor to State or Past Vendor with Performance issues	4

Total Contract Cost Risk Levels:	
\$0.00 - \$100,000	1
\$100,001 - \$500,000	2
\$500,001 - \$2,500,000	3
\$2,500,001+	4

Contract Length Risk Levels:	
One Year	1
Two Year	2
Three Year	3
Three year+	4

Low Risk	1-2
Medium Risk	2.1-3
High Risk	3.1-4

APPENDIX B CONFLICT DISCLOSURE FORM

NON-DISCLOSURE AND CONFLICT STATEMENT

I, _____, the undersigned, hereby certify that the following statements are true and correct and that I understand and agree to be bound by the commitments contained herein.

I am acting at the request of the Public Utility Commission of Texas as a participant in the _____

I understand that the proposer(s) for this procurement is:

I am acting of my own accord and am not acting under duress. Except as described below, I do not know of any facts creating a potential conflict of interest or appearance of impropriety with regard to my participation in the above-named procurement duties. I am not currently employed by, nor am I receiving any compensation from, nor have I been the recipient of any present or future economic opportunity, employment, gift, loan, gratuity, special discount, trip, favor, or service in connection with any responses or involved respondent in return for favorable consideration. I have no preconceived position on the relative merits of any of the submitted responses nor have I established a personal preference or position on the worth or standing of any respondent participating in this action.

The following is a disclosure of any facts which could create a potential conflict of interest or appearance of impropriety with regard to my participation in the above-named procurement: (If you are unaware of any facts which could create a potential conflict of interest or appearance of impropriety state that here, otherwise describe any relevant information.)

I agree not to disclose or otherwise divulge any information pertaining to the contents, status, or ranking of any submitted responses to anyone other than the evaluation team leader or other evaluation team members. I understand the terms "disclose or otherwise divulge" include, but are not limited to, reproduction of any part or portion of any responses, or removal of same from designated areas without prior authorization from the evaluation team leader. I agree to perform any and all evaluations of said submitted responses in an unbiased manner, to the best of my ability, and with the best interest of the State of Texas paramount in all decisions.

Signature

Printed Name

Date