Texas Water Development Board

TWDB – Contracting Policies and Procedures

Updated: March 17, 2016

This page left intentionally blank

Table of Contents

1 Contract Administration
1.1 Introduction and Responsibilities
1.2 The Importance of Contract Management and Monitoring

2 Contracting Ethics in the Workplace
2.1 General Contracting Principles
2.2 Contracting with Former Staff
2.3 Identifying/Avoiding/Reporting Conflicts of Interest

3 Contracting Practices and Contract Management
3.1 Payable Contracting Needs Assessment
3.2 Receivable Contracting Needs Assessment
3.3 Procurement Process Determination
3.4 Historically Underutilized Business (HUB) Requirements
3.5 Preparation of Contract Initiation Form
3.6 Risk Analysis and Enhanced Contract Monitoring
3.7 Preparation Routing and Execution of a New Contract
3.8 Preparation Routing and Execution of a Contract Amendment
3.9 Routing and Reviewing Contracts and Amendments
3.10 Review and Confirmation of Subcontracts
3.11 Review and Approval of Contract Payments
3.12 Review and Approval of Draft Reports
3.13 Review and Approval of Final Reports
3.14 Delegation of Signature Authority
3.15 Contract Reporting
3.16 Non Compensation of Overhead and Indirect Costs for Public University and State Agency Contracts
3.17 Establishment of Expiration Dates for Board Commitments in Contracting
3.18 Contract Manager Training Requirements
3.19 Contract Close Out Procedures

4 Solicitation and Grant Practices
4.1 Research and Planning Fund Contracts
4.2 Other Water Science Contracts
4.3 Requests for Applications, Qualifications, Proposals and other Solicitations
4.4 Unsolicited Research Applications
4.5 Process for Selecting and Ranking Research Topics
4.6 Flood Mitigation Planning – Application Process

5 Construction Assistance Contracting Practices
5.1 Construction Assistance Projects and Contract Management Assignments
5.2 Routing of Grants, Loans and Amendments for Construction Assistance
Appendix – TWDB Contract Life Cycle

This page left intentionally blank

TWDB Contracting Policies and Procedures

Chapter 1	Contract Administration
Section 1.1	Introduction and Responsibilities
Effective Date	July 1, 2010 *(revised: June 13, 2012)*

Policy

Under the authority of the TWDB, the Contract Administration Division is charged with defining and implementing policies and procedures that relate to contracting and purchasing matters.

Purpose

The purpose of this document is to describe the policies, procedures and processes used by the Contract Administration Division to assist in the management of TWDB contracting projects. This document also outlines contracting roles, responsibilities and guiding principles.

Rules/ Procedures

1) **The Contract Administration Division Role**
The Contract Administration Division is a component of Operations and Administration. Major responsibilities and objectives include:

   a. Providing physical custody and security over all TWDB contractual documents.

   b. Ensuring consistent and compliant coordination, tracking and administration of all contract and purchasing activities.

   c. Providing guidance and training to TWDB contract and program managers.

   d. Providing oversight for contractual compliance with TWDB financial assistance programs.

   The Contract Administration Division exists for the purpose of assisting and serving the TWDB and its contractors, customers and stakeholders with procurement related business.

Continued on next page

Rules/ Procedures (continued)	The Division mission is to provide exceptional assistance to agency customers and TWDB staff. Our first rate customer service will foster effective and compliant contract management that will secure quality and timely deliverables for the agency. 2) **Adherence to Policies and Procedures** The policies and procedures set forth in this manual are based on statute, regulation, policy and common business practices. As appropriate, TWDB staff is expected to adhere to these procedures in the day-to-day administration and management of agency contracts.
Responsibility	Contract Administration Division

TWDB Contracting Policies and Procedures

Chapter 1	Contract Administration
Section 1.2	The Importance of Contract Management and Monitoring
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy

Contract Managers must ensure their contracts contain a clear scope of work that defines performance and deliverable requirements. Contact managers must also manage and document ongoing day-to-day contract issues, and monitor the progress of the work performed by a contractor.

Purpose

To ensure high quality, cost effective services for the State of Texas, while reducing risk to the TWDB and the State.

Rules/ Procedures

The contract manager is the designated contact and lead for any TWDB contract and is responsible for the timely initiation and execution of assigned contracts. For each contract that is executed, participation and approval is required from Contract Administration Division staff, the Division Director, Budget Officer, General Counsel, Accounting, Deputy Executive Administrator, Assistant Executive Administrator and Executive Administrator (as needed, based on delegation of signature authority)

Contract Manager Roles and Responsibilities

As defined by the State of Texas Contract Management Guide (http://iweb/AGENCY/EXECUTIVE/Contract/CMG.pdf), the primary responsibilities of the contract manager are:

- Participating, as necessary, in developing the solicitation and writing the draft documents. Contract administration must be considered during this process.
- Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements.
- Managing any state property used in contract performance.
- Authorizing payments consistent with the contract terms.
- Exercising state remedies, as appropriate, where a contractor's performance is deficient.
- Resolving disputes in a timely manner.
- Documenting significant events.
- Maintaining appropriate records.

Continued on next page

Rules/ Procedures (continued)

The following areas present a high degree of risk in contracting. Contract managers should focus attention on these factors to reduce risk to the agency:

Fundamental Contract Management

Once a contract is executed, the TWDB's designated contract manager should immediately communicate with the new contractor and confirm expectations. The contract manager should verify the obligations of the parties and timelines for performance. At a minimum, the contract manager should review contracts monthly to ensure requirements are being met. Contract managers should also be familiar with all of the terms and conditions of the agreement.

Monitoring the Terms of Contracts

It is critical that contract time lines and expirations are closely monitored. If it is determined that a time extension is required on a contract, the contract manager must notify Contract Administration at least **90 days prior to the expiration**. This advance notice will ensure that amendments are appropriately executed. Timely amendments mitigate risks associated with service lapses.

To assist with monitoring expirations dates, Contract Administration prepares and delivers a Monthly Operations Report that includes information on expiring contracts.

Contract Administration generally recommends that time extensions be set for a minimum of six additional months to ensure sufficient time is available to complete remaining contract requirements and to reduce the likelihood of additional amendments.

Acceptance of Deliverables

All contract deliverables (including Draft and Final Reports) are to be delivered directly to Contract Administration – not the Contract Manager. This ensures deliverables are properly logged and processed in conformance with the contract. It is important that any deliverables be provided without delay to Contract Administration upon receipt at the agency.

Continued on next page

Rules/ Procedures (continued)

The majority of deliverables for TWDB contracts involve draft and final reports. Any comments on reports must be collected by Contract Administration and mailed to the contractor under the Deputy Executive Administrator's signature. Contract managers are welcome to correspond with their contractors during this process, but the acceptance of any deliverables and reports MUST be formally transmitted through Contract Administration.

Payment Terms

It is important that contract managers thoroughly review each invoice that is submitted for their contracts. Invoicing packages are prepared for approval by Contract Administration, but the contract manager provides the critical role in the authorization process because of their subject matter expertise.

Contract managers must ensure that:

- Payment requests are appropriate, eligible for reimbursement and relevant to the work performed.
- Progress reporting is submitted with each invoice. Contract managers should also make certain all necessary duties have been performed and/or any deliverables have been produced.
- Invoices conform to contract terms, conditions and time periods.

Prompt Payment

The Texas prompt payment law establishes when some types of payments are due. The law says that payments for goods and services are due 30 calendar days after the goods are provided, the services completed, or a correct invoice is received. In many instances, the TWDB is subject to paying interest if payment is not fully processed within the 30 day period. Participants in payment processing are Contract Administration, the Contract Manager and Finance/Accounting. Each area should take no more than 10 days to complete their review requirements for any contract payments to ensure that the TWDB meets the 30 day requirement.

Conflicts of Interest

Contract managers have a responsibility to ensure that the contractor does not engage in activities that present a conflict of interest to the TWDB. In executing an agreement with the TWDB, the contractor has represented they have no actual or potential conflicts of interest in providing the deliverables.

Continued on next page

Rules/ Procedures (continued)	TWDB staff members are also required not to engage in activities that could present a conflict of interest to the Agency. Please reference Chapter 2 of the Contracting Policies and Procedures and the agency's ethics policy at http://iweb/AGENCY/OA/hr/doc/Policy/twdb_ethics_policy.pdf for additional information on ethics.
Responsibility	Contract Administration and all contract managers

TWDB Contracting Policies and Procedures

Chapter 2	Contracting Ethics in the Workplace
Section 2.1	General Contracting Principles
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy

All TWDB employees and Board members must follow a code of ethics. Contract management functions and activities should be conducted in accordance with the ethical standards as published by the State Ethics Commission, the TWDB Ethics Policy, and this manual.

Purpose

Ethics and integrity are the foundation of the competitive procurement process and contract administration system. All TWDB staff with contract administration or contract management roles must carry out their duties in accordance with the highest ethical standards.

Rules/ Procedures

TWDB staff shall perform their roles and responsibilities regarding contracting in accordance with the standards in this manual and in accordance with applicable TWDB policies, processes, and procedures.

- The acquisition of goods and services shall comply with all applicable federal and state statutes and regulations;
- TWDB staff shall promote competition, to the extent appropriate and allowable by federal and state laws and regulations, to secure the best value for the State and to provide opportunities for all qualified entities to apply to do business with the TWDB;
- Contracting decisions shall be based upon appropriately documented good business practices and judgments;
- TWDB staff shall act ethically and consider the best interests of the public, the TWDB, and the TWDB's customers at all times;
- TWDB staff shall take all reasonable steps to provide potential contractors fair and impartial treatment;
- TWDB staff shall ensure that all necessary grant and contract terms and conditions are in writing and are incorporated into the contract or grant agreement;
- Each TWDB grant or contract shall be assigned to an individual who will act as contract manager. The contract manager will be responsible and accountable for administrative oversight of the contract and business relationship with the selected contractor;

Continued on next page

Rules/ Procedures (continued)	• TWDB staff shall take all reasonable steps to ensure purchases of goods and services are allowable, reasonable, and necessary considering price, quantity, and quality. • Senate Bill 20 from the 84th Texas Legislature added requirements pertaining to certain employment that is restricted for former state officers or employees. Consistent with the provisions of Texas Government Code Section 572.069, all TWDB employees should note that a "former state officer or employee of a state agency who during the period of state service or employment participated on behalf of a state agency in a procurement or contract negotiation involving a person may not accept employment from that person before the second anniversary of the date the officer's or employee's service or employment with the state agency ceased." Any questions related to the requirements under Section 572.069 should be directed to the Office of General Counsel for additional guidance. Details for all revolving door employment requirements of the Texas Ethics Commission are found in Section 2.2 – Contracting with Former Staff.
Responsibility	All TWDB staff performing contract administration duties

TWDB Contracting Policies and Procedures

Chapter 2	Contracting Ethics in the Workplace
Section 2.2	Contracting with Former Staff
Effective Date	July 1, 2010 *(revised: June 13, 2012)*

Policy

The TWDB shall comply with the provisions of Chapter 572 of the Texas Government Code related to contracting with former staff of the TWDB

Purpose

State ethics law generally prohibits entering into a contract for consulting or professional services or into an employment contract with any individual who has been previously employed by the agency within the past 12 months. The term "employment contract" includes any personal services contract regardless of whether the performance of such a contract involves the traditional relationship of employer and employee.

Rules/ Procedures

TWDB personnel shall document, in the procurement file, the facts and nature of the relationship when a potential contractor is a former TWDB employee or is related to a current TWDB employee or Board member.

If a potential contractor is related to a current TWDB employee or Board member, documentation by memorandum must indicate what specific steps have been taken, or will be taken, to eliminate any real, apparent, or potential conflict of interest. This documentation must be maintained in procurement files managed by Contract Administration.

State Ethics Commission rules are documented through “Revolving Door Provisions” (www.ethics.state.tx.us/pamphlet/Bdoor.htm) as follows:

The First Revolving Door Rule

Two-year Prohibition Applicable to Former State Officers and Employees. The first revolving door rule applies to all former state officers and employees of a state agency. If a state officer or employee of a state agency participated on behalf of the agency in a procurement or contract negotiation involving any person, then he or she may not accept employment from that person for two years after the date he or she leaves the agency.

Continued on next page

Rules/ Procedures (continued)

This revolving door rule applies only to a state officer or employee whose service or employment ceases on or after September 1, 2015.

The Second Revolving Door Rule

Two-year Prohibition Applicable to Former Board Members and Executive Directors. The second revolving door rule applies to all former board members and former executive heads of regulatory agencies. For two years after a board member or executive head leaves a regulatory agency, he or she may not appear before or communicate with officers or employees of the agency with the intent to influence the board on behalf of any person in connection with any matter on which the person seeks official action.

The law is not an absolute prohibition on communications to an agency by a former board member or former executive head of the agency. The restriction applies only to communications and appearances intended to influence agency action. If, for example, a current board member calls a former board member to get information about past board activities, the former board member is free to provide information — as long as the former board member does not try to influence the actions of the current board.

The restriction applies regardless of who initiated the contact and even if a former board member or executive head is communicating on their own behalf with the intent to influence agency action, subject to any constitutional due process right to be heard by the agency.

The Third Revolving Door Rule

Continual Prohibition Applicable to Former Board Members and Upper-level Employees. The third revolving door rule deals with work on specific "matters" and applies to all former officers and certain former employees of regulatory agencies *(the TWDB is not regulatory).*

Former Officers. The provision applies to a former "officer" of a regulatory agency. Board members of state agencies are officers. An individual elected or appointed as the head of an agency that does not have a board is an officer. For example, the Agriculture Commissioner and the Insurance Commissioner are state officers.

Former Employees Paid At or Above Certain Level. The provision applies to a former employee of a regulatory agency whose ending pay was at or above the amount prescribed for step 1, salary group

Continued on next page

Rules/ Procedures (continued)	A17, of the state position classification salary schedule. (The 2015 General Appropriations Act prescribed the minimum annual salary for salary group A17 $36,976 for fiscal years 2016 and 2017.) A former employee who received that amount or more at the time of leaving state employment is subject to the third revolving door rule, regardless of whether the former employee held a classified position or a position exempt from the classification schedule. An officer or employee subject to the third revolving door prohibition may never represent a person or receive compensation for services rendered on behalf of any person regarding a “particular matter” in which he or she "participated" while serving with the agency, either through personal involvement, or because the matter was within his or her official responsibility. In this context, "participated" means to have taken action as an officer or employee through decision, approval, disapproval, recommendation, giving advice, investigation, or similar action. The most common question raised about the third revolving door rule is whether proposed future employment would involve work on a "particular matter" that a person participated in as a state officer or employee. A “particular matter” is defined narrowly to mean something quite specific, such as an investigation, application, contract, rulemaking or other administrative proceeding. This means a person subject to the third revolving door prohibition may work on matters similar to matters he or she worked on as a state employee, but not on exactly the same matters. For example, a former employee of a regulatory agency who worked on Permit Application X at the agency could not leave the agency and work on Permit Application X on behalf of the applicant. The former employee could, however, work on Permit Application Z, even if Permit Application Z involved issues similar to the issues raised in connection with Permit Application X. Any questions related to this policy should be referred to the Agency Contract Administrator and the Director of Human Resources.
Responsibility	All TWDB staff, Contract Administration, Human Resources

TWDB Contracting Policies and Procedures

Chapter 2	Contracting Ethics in the Workplace
Section 2.3	Identifying/Avoiding/Reporting Conflicts of Interest
Effective Date	July 1, 2010

Policy

TWDB staff shall carry out any roles, responsibilities and activities related to contract administration in a manner that identifies and avoids real, apparent, or potential conflicts of interest. TWDB staff involved in contract decision making shall report in writing, any real, apparent, or potential conflicts of interest that may come to their attention during any phase of the contract administration life cycle.

Purpose

Taking all reasonable actions to assure that staff are not placed in a position that causes or results in a real, apparent, or potential conflict of interest or that violates appropriate separation of duties.

Rules/ Procedures

Identification of Conflicts of Interest

A conflict of interest exists when an individual has a real, apparent or potential financial interest or other beneficial interest in an entity selected for contract award or in the outcome of a transaction.

Financial or other beneficial interest includes, but is not limited to the following:

- Employment with a grantee, contractor, or offeror;
- Pending employment with a grantee, contractor, or offeror;
- Paid consultation with a grantee, contractor, or offeror;
- Membership on a grantee's, contractor's, or offeror's board of directors, officer, or partner of the offeror, or its parent or subsidiary organization; and/or
- Ownership of stock, partnership or other beneficial interest in a grantee's, contractor's or offeror's organization, within the meaning of 18 U.S. Code 208.

Continued on next page

Rules/ Procedures (continued)

Avoiding Conflicts of Interest

TWDB employees must adhere to all requirements under Texas Government Code, Section 2261.252, which states:

> **DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST; CERTAIN CONTRACTS PROHIBITED.**
> (a) Each state agency employee or official who is involved in procurement or in contract management for a state agency shall disclose to the agency any potential conflict of interest specified by state law or agency policy that is known by the employee or official with respect to any contract with a private vendor or bid for the purchase of goods or services from a private vendor by the agency.
> (b) A state agency may not enter 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:
> (1) a member of the agency's governing body;
> (2) the governing official, executive director, general counsel, chief procurement officer, or procurement director of the agency; or
> (3) a family member related to an employee or official described by Subdivision (1) or (2) within the second degree by affinity or consanguinity.

To avoid even the appearance of a conflict of interest, TWDB employees must abide by the following rules:

1) No Monetary Benefit

A contract may not be awarded (no matter how objective the process) to an entity that is owned, in whole or in part, by any TWDB employee or their dependents. Neither TWDB employees nor their dependent family members (spouse or children) may financially benefit from a TWDB contract.

2) No Appearance of Impropriety

Employees should not negotiate, make, accept, or approve a contract or perform any duty in connection with a contract or subcontract with a relative, close friend, or outside business partner.

3) No Acceptance of Gifts, Favors, or Benefits

Employees may not accept for themselves or for others a gift, benefit, or favor (gifts of cash, loans, lodging, transportation, tickets to entertainment and sports events, hunting and fishing trips, etc.) from any entity doing business with the state or who could be reasonably expected to do business with the state in the future.

Continued on next page

Rules/ Procedures (continued)

4) Token Items
The TWDB Ethics Policy does not prohibit employees from receiving token items valued less than $50.00 when there is no connection between the donor and the employee's job assignment.

5) Business Lunches
The TWDB does not prohibit going to lunch with a performing entity. However, common sense and contracting ethics suggest that frequent lunches can present the appearance of favoritism or other ethical conflicts. Employees should not attend business lunches if doing so makes or appears to make it more difficult to perform their duties in an objective and impartial manner.

Under no circumstances should a TWDB employee allow a performing entity to pay for their lunch/meal. For additional information on the Employee Code of Ethics, please reference the TWDB Employee Handbook, Chapter 2.

Reporting Conflicts of Interest
Documentation of conflict of interest reports and resolutions shall be maintained in procurement or contract files, as appropriate.

Reports regarding potential conflicts of interest should be made to the employee's Division Director through the proper chain of command, and include all pertinent information regarding the incident.

Please note that all TWDB contractors are required to disclose conflicts of interests to the agency and required to notify the TWDB, in writing, of any potential conflict of interest that could adversely affect the TWDB by creating the appearance of a conflict of interest.

Purchasing Personnel
Agency purchasing personnel are required to annually sign a Conflict of Interest statement that is maintained in purchasing plan files. In the statement, personnel certify and acknowledge they have no direct or indirect interest in any procurement and further acknowledge they are subject to dismissal should any conflict be discovered.

Responsibility

All TWDB staff

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.1	Payable Contracting Needs Assessment
Effective Date	July 1, 2010 *(revised: November 17, 2014)*

Policy

Any TWDB staff member that needs to obtain goods, services or other contractual arrangements must identify, establish and document the needs when initiating contracts and other procurements.

Purpose

A needs assessment is conducted to determine the necessity, nature, and scope of the acquisition. "Needs" should be aimed at the achievement of the agency's goals, objectives, legislative mandates, funding requirements, and approved Board plans.

Rules/ Procedures

The TWDB staff member initiating the request should document the need. The supporting documentation regarding the needs assessment should be retained in the contract manager's procurement files. Staff may consult Contract Administration for assistance and guidance in assessing contractual needs.

Documenting the requirement/need

Once the need is identified, a variety of factors must be considered in determining how best to meet and document that need:

- Does the Agency have the legal authority to acquire this good or service?
- Is Board approval required?
- Who are the potential vendors and what procurement methodology would best be used?
- What is the specific description of the goods or services to be provided, or what are the expectations in terms of goals, outputs, and measurable outcomes?
- Where are the goods or services needed, (delivery location within a town, county, region, and address)?
- What is the time period (beginning and ending dates) during which the goods or services are needed?
- How much or what quantities of the goods or services are needed and how much might those goods or services cost? How much of what is needed is already available under existing contracts?

Continued on next page

Rules/ Procedures (continued)	• How much funding is available to meet the need and what might be an appropriate basis for payment? • Is this an administrative or program service or goods need? Is this a financial assistance grant or loan? • Are there any prerequisite actions that must be taken, approvals that must be sought, or conditions that must be met? • What are the risks in contracting and will the risks be assumed by the contractor? **<u>Determination of a need to contract for a work function</u>** Factors to be considered in determining the need to outsource a function include: • work which has historically been contracted for by the agency; • the contract is for consulting work; • expertise and equipment included in the contract that is not normally employed or purchased by the agency; • third party objectivity and credibility is essential to the service provided; • day-to-day activities are managed by the contractor; and responsibility/risk is assumed by the contractor.
Responsibility	Staff requesting service/contract manager

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.2	Receivable Contracting Needs Assessment
Effective Date	November 17, 2014

Policy	Any contract manager or program manager that is seeking to obtain grant funds from another entity must coordinate the grant application process with Contract Administration.
Purpose	To ensure that any receivable grant or contracting funds are properly considered, vetted and necessary to conduct agency business
Rules/ Procedures	Contract Administration will coordinate with the contract manager and review the grant opportunity and determine submission requirements. At a minimum the following information must be documented by the contract manager prior to any submission for grant funds: • Granting Entity, • Contact Name, • Telephone Number, • Email Address • Application Due Date • Grant Amount • Grant Period • Funding Source – if Federal, a CFDA Number will be required • Are matching funds required? • Has the budget been reviewed by your budget officer? • Can the TWDB bill for salaries, fringe, and indirect? • Are the fringe and indirect rates different from our current negotiated rates? • How often are we to bill? • How will invoices be calculated? • Will there be a payable contract linked to this receivable? • What are the reporting requirements? • Who is applying for this grant?

Continued on next page

Rules/ Procedures (continued)	Contract Administration will provide contract managers with a form/questionnaire to answer the previous questions. Once the questions have been answered, Contract Administration staff will determine if any additional requirements are necessary to submit a grant application for funding. If the grant funds that are being sought are from the federal government, it is likely that an electronic application will have to be submitted through the grants.gov Web site. Contract Administration staff will complete any grant application documents with the assistance of the contract manager and financial/accounting staff. Prior to the submission of any application for grant funds, Contract Administration will coordinate the routing of a memorandum and supporting documentation through appropriate TWDB management for a final approval to submit the application from the Executive Administrator (EA). If the EA approves the application, Contract Administration will coordinate with the EA to complete the electronic or hard copy submission requirements to complete the process.
Responsibility	Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.3	Procurement Process Determination
Effective Date	July 1, 2010 *(revised: November 17, 2014)*

Policy

TWDB staff should consult with Contract Administration and Purchasing before initiating any procurement-related actions beyond the initial needs assessment.

Purpose

The process determination is needed to select an appropriate contracting or procurement method. Note: Only purchasing and contracting staff have the authority to make a procurement method decision.

Rules/ Procedures

Contract Administration will advise TWDB staff on available procurement processes based on contract types, funding and current business circumstances.

Goods and Services - Centralized State Procurement

If goods or services are required, the appropriate method of procurement is usually the centralized state procurement system. For these needs, staff will be referred to the **Purchasing Team**.

Purchasing will advise and direct TWDB staff through this process.

Grants/Financial Assistance/Contracts

If staff needs to enter into a grant, financial assistance agreement or contract with an eligible applicant, governmental entity or state public university, staff will be referred to **Contract Administration**.

Intergovernmental Contracts

Partnerships with other governmental agencies are an excellent method for obtaining needed services and resources and sharing knowledge and costs. Chapter 771 of the Texas Government Code is the Interagency Cooperation Act. This Act authorizes state agencies to contract with each other for necessary and authorized services and resources. The Act also governs the contractual relationships between state agencies.

Continued on next page

Rules/ Procedures (continued)

Methods of Solicitation

The TWDB uses several procurement methods to secure qualified contractors for work. The methods most commonly used in State Government and available to TWDB staff are:

- **Request for Qualifications (RFQ)** – Generally used for Professional Services wherein the respondents are evaluated based solely on their qualifications. Price is not considered until after selection is made by the agency based on qualifications. Professional Services are covered under Texas Government Code §2254 at: http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2254.htm.
- **Request for Offer (RFO)** – Generally used for IT Commodity Purchases exempt from the DIR IT Commodity Program. The process is generally the same as the Request for Proposal (RFP) process. RFO purchases include the purchase of automated information systems and are covered under Texas Administrative Code, Title 34, §20.391.
- **Request for Proposal (RFP)** – Used when competitive sealed bidding is not practicable or advantageous. Generally this is when factors other than price are to be considered or when objective criteria cannot be defined. One of the key differences between an Invitation for Bids (IFB) and an RFP is that negotiations are allowed in an RFP. Discussions are allowed with the respondents and best and final offers are solicited. Unless otherwise exempted, agencies must submit their RFPs to the State Comptroller's Office for review prior to solicitation.
- **Invitation for Bids (IFB)** - IFBs use the competitive sealed bid method. This method is used when the requirements are clearly defined, negotiations are not necessary and price is the major determining factor for selection. Best value considerations can also be used with the IFB method.
- **Request for Applications (RFA)** – RFAs are used to accept applications for state grant opportunities, which is described in more detail throughout this chapter.

Continued on next page

Rules/ Procedures (continued)	Please note that TWDB staff should redirect any respondents to Contract Administration or Purchasing staff for questions related to a solicitation. The Contract Administration Division will help you determine the appropriate procurement method for your project. For more information about procurement methods in State contracting, refer to the State of Texas Contract Management Guide, located at: http://iweb/agency/executive/contract/contract.asp
Responsibility	Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.4	Historically Underutilized Business (HUB) Requirements
Effective Date	July 1, 2010 *(revised: November 17, 2014)*

Policy

State law requires vendors who enter into contracts with a value of $100,000 or more to create a Historically Underutilized Business (HUB) subcontracting plan. A HUB subcontracting plan is required for all TWDB contracts with a value of $100,000 or more – with the sole exception being interagency contracts.

Purpose

To comply with provisions of the State's HUB Program

Rules/ Procedures

HUBs and Subcontracting Plans

A HUB is a specific type of business in Texas that has received certification from the Comptroller of Public Accounts. To receive certification, the following requirements must be met:

- principal place of business in Texas;
- the owner(s) must have a proportionate interest and demonstrate active participation in control, operation, and management;
- the owner(s) must be economically disadvantaged because of their identification as a member of any of the following groups:
  - Black Americans--which includes persons having origins in any of the Black racial groups of Africa;
  - Hispanic Americans--which includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
  - Asian Pacific Americans--which includes persons whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific, the Northern Marianas, and Subcontinent Asian Americans which includes persons whose origins are from India, Pakistan, Bangladesh, Sri Lanka, Bhutan or Nepal;
  - Native Americans--which includes American Indians, Eskimos, Aleuts, and Native Hawaiians;
  - American Women--which includes all women of any ethnicity except those specified in the above sub-bullets;
  - Service Disabled Veteran (new category as of FY 2014)

Continued on next page

Rules/ Procedures (continued)

- A HUB must be a for-profit business entity that is at least 51% owned by one or more persons described above.

What is a HUB Subcontracting Plan?
A HUB Subcontracting Plan (HSP) is a record that describes what tasks the contractor will subcontract. The plan identifies the HUBs receiving the subcontracts, and the estimated dollar amount of the subcontracts. The State of Texas has the following HUB participation goals:

• Heavy construction	11.2%
• Building construction	21.1%
• Special trade construction	32.9%
• Professional services	23.7%
• All other services	26.0%
• Commodities	21.1%

* Note that the TWDB does not procure items under Heavy Construction, Building Construction categories. For all other categories, the TWDB maintains the same goals as those established for the State.

State Agencies
The contract manager must determine if a potential contract will be for $100,000 or more and if subcontracting opportunities are likely to exist. If the answer is “yes,” any associated RFO, RFP or RFQ must include a statement that proposals will be required to include a HSP for the proposal to be considered. If subcontracting opportunities are not probable, the RFO, RFP or RFQ must include a “Declaration of Subcontracting Opportunities” attesting that the TWDB has determined that subcontracting opportunities are not available under the contract.

Potential Contractors
State law requires that vendors do more than just complete the HSP forms. Contractors must make a good faith effort to divide the proposed contract work into appropriate units, locate HUBs that can perform the work, and subcontract with those HUBs.

Showing Good Faith
Vendors are able to demonstrate the good faith effort required by the law by dividing the contract work into reasonable lots or portions to the extent consistent with prudent industry practices.

Continued on next page

Rules/ Procedures (continued)	Vendors should provide written notification to at least three HUBs of work that the vendor intends to subcontract, for each lot or portion of work. The notice must include the scope of the work, information regarding the location to review plans and specifications, information about bonding and insurance requirements, and identify a contact person. Notices must be provided to potential HUB subcontractors prior to submission of responses to RFOs and RFPs. The vendor must provide potential HUB subcontractors reasonable time to respond to the notice, which should be no less than five working days from receipt of notice, unless documented circumstances require a different time period. Notice must be directed to HUBs that perform the type of work required. Upon request by the TWDB, a potential vendor must provide official written documentation (i.e. phone logs, fax transmittals, etc.) to demonstrate compliance with the notice requirements.
Responsibility	Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.5	Preparation of the Contract Initiation Form (CIF)
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy

Once procurement and contracting needs are determined and documented by the contract manager, a Contract Initiation Form must be completed and approved prior to contract development.

Purpose

A Contract Initiation Form is required to initiate and document managerial and budgetary authorization of the proposed contract.

Rules/ Procedures

The contract manager must document any contracting request using the Contract Initiation Form (CIF) that is located on the TWDB's IWEB (http://iweb/agency/executive/contract/contract.asp).

The form contains instructions on what is required for completion.

The contract manager should collect and supply the expected cost for the contract and any supporting rationale. Specific costs should be known prior to submitting the form to Contract Administration and should be verified by your budget officer prior to submission to Contract Administration.

All required budget information must be entered and approved by a budget officer that is assigned to the requesting program's Division.

In accordance with the requirements of Texas Government Code Section 2155.0755, the CIF will indicate the procurement method used and will document and verify the best value standard utilized. In instances where a contract may require a purchase order or expenditure request, the best value standard will be documented on the purchase order.

Continued on next page

Rules/ Procedures (continued)	Once the final contract has been prepared by Contract Administration, the CIF will be routed for approvals with the contract and any necessary supporting documentation. The CIF must be signed and dated by the Contract Manager, Budget Officer, Division Director, General Counsel, Accounting Director, and Deputy Executive Administrator. If the contract exceeds $25,000, the CIF must also be signed by the Executive Administrator. Please note that the Contract Initiation Form states that "By signing this form, you are certifying that this contract packet and its contents meet with your approval." Please ensure that you have examined the contents thoroughly prior to signing the packet.
Responsibility	Contract Administration and contract managers

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.6	Risk Analysis and Enhanced Contract Monitoring
Effective Date	March 17, 2016

Policy

In accordance with Texas Government Code Section 2261.256, all contract managers, with the support of Contract Administration, will perform a risk analysis prior to the execution of any contracts.

Purpose

Section 2261.256 requires that each state agency develop and comply with a risk analysis procedure that provides for the following:

- assessing the risk of fraud, abuse, or waste in the contractor selection process, contract provisions, and payment and reimbursement rates and methods for the different types of goods and services for which the agency contracts;
- identifying contracts that require enhanced contract monitoring or the immediate attention of contract management staff
- establishing clear levels of purchasing accountability and staff responsibilities related to purchasing.

Rules/ Procedures

1. **Identifying Risk Evaluation Attributes** – Contract Administration and the Contract Manager must collaborate to evaluate the key elements of risk that may occur on a contract. The impact and probability of each risk attribute will be assessed as part of this process. The risk attributes to be considered include the following:
   a. Contract Cost Revisions
   b. Contract Duration Limitations
   c. Transaction and Data Volume
   d. Monitoring and Quality Assurance
   e. Vendor Control Activities and Data Quality
   f. Communication and Customer Service
   g. Complexity of Vendor Operations and Processes
   h. Complexity of Contract Scope or Deliverables
   i. Close Out
   j. Extent of Government Regulations
   k. Vendor Cooperation with Audits
   l. Potential for Public Disclosure
   m. Vendor Experience and Past Performance
   n. Physical and System Security
   o. Data Security
   p. Business Continuity/Disaster Recovery

Continued on next page

Rules/ Procedures (continued)

q. Training
r. Financial Assurance and Credit Worthiness
s. Fraud, Waste and Abuse
t. Other

2. **Evaluating the Significance of Attribute Impact** – Each of the attributes will be assessed for the significance of its **impact** to risk exposure. The Contract Manager with support from Contract Administration will assign a descriptive value from 0 to 5 to each attribute, with the highest value indicating the most severe impact. Zero is a score reserved for risk attributes that are not applicable to the contract.

Impact	The severity of a negative outcome for a Risk Attribute	
5	**Catastrophic**	Unable to function, security breach, inability to fulfill contract obligation(s)
4	**Severe**	Significant impact on fulfilling contract obligation(s)
3	**Moderate**	Fulfilling contract obligation(s) is/are partially achievable
2	**Minor**	Low impact on fulfilling contract obligation(s)
1	**Minimal**	Insignificant impact in fulfilling contract obligation(s)
0	**Not applicable**	Risk Attribute is not applicable to the contract

3. **Evaluating the Probability of Risk Exposure** – Each of the attributes will be assessed for the **probability** of risk exposure. The Contract Manager with support from Contract Administration will assign a descriptive value from 0 to 5 to each attribute, with the highest value indicating the most severe impact. Zero is a score reserved for risk attributes that are not applicable to the contract.

Probability	The likelihood that a negative outcome will occur	
5	**Almost Certain**	Will undoubtedly happen
4	**Likely**	Will probably happen
3	**Even Chance**	An equal likelihood of occurrence or not
2	**Unlikely**	Not expected to happen
1	**Remote**	Very unlikely this will ever happen
0	**Not applicable**	Risk Attribute is not applicable to the contract

Continued on next page

Rules/ Procedures (continued)

4. **Calculating the Risk Assessment Score** – The Risk Assessment Score is calculated by the Risk Tool (Excel Risk Matrix Spreadsheet) to produce an overall numeric score.

	Impact					
Probability	Not applicable (0)	Minimal (1)	Minor (2)	Moderate (3)	Severe (4)	Catastrophic (5)
Almost Certain (5)	5	21	25	28	29	30
Likely (4)	4	15	20	23	26	27
Even Chance (3)	3	13	16	19	22	24
Unlikely (2)	2	9	12	14	17	18
Remote (1)	1	6	7	8	10	11
Not applicable (0)	0	0	0	0	0	0

5. **Overall Contract Risk** – Prior to calculating the overall risk, the contract manager will be required to document specific risk consequences (if any) and provide solutions for any items that have high risk factors for impact and/or probability. Once complete the Risk Assessment Score for each attribute is calculated by Contract Administration to arrive at an average **overall score for the contract**. The average is assigned a corresponding qualitative value (**high, medium or low**) with high representing the greatest risk exposure to the agency. The results of the risk analysis will be included in the contract routing file and maintained as part of the permanent contract record.
6. **Enhanced Monitoring Approach** – Any contract that receives an overall rating of **high risk** will receive enhanced contract monitoring to be performed by the assigned contract manager. The enhanced contract monitoring may include, but is not limited to the following activities:
   a. Weekly/monthly progress reports
   b. Documented controlled correspondence
   c. Regular site visits
   d. Project team meetings
   e. Documentation of corrective actions
7. **Enhanced Monitoring Reporting** – Contract monitoring activities must be documented and reported to the Board on a quarterly basis, which will be coordinated and presented by Contract Administration, with support from individual contract managers.

Responsibility

Contract Administration and contract managers

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.7	Preparation, Routing, and Execution of a New Contract
Effective Date	June 1, 2010 *(revised: March 17, 2016)*

Policy

The Contract Administration Division manages the preparation, routing and execution of new contracts.

Purpose

To ensure that each administrative step of the contract development cycle is properly conducted.

Rules/ Procedures

The following steps are taken in the preparation, routing, and execution of a **new TWDB contract**:

1. A contract routing package/folder is prepared by Contract Administration. A draft contract is prepared by a contract specialist, typically using a boiler plate template developed in conjunction with the Office of General Counsel, as designated by the manager of Contract Administration.
2. A copy of the Board agenda item is included with the routing package (as needed).
3. A memorandum or email is prepared to transmit the draft contract package to the contract manager. The memo/email should include relevant information about the contract and any necessary instructions and deadline requirements for the review of the package/folder.
4. The contract manager must verify that the contract is acceptable to the contractor and that the scope of work and budgets are acceptable to both parties prior to Contract Administration routing the final contract package. An electronic copy of the draft contract will be provided to the contract manager to assist with any negotiations.
5. The contract manager must verify if there is sufficient evidence of local matching funds and interlocal agreements (as needed). This information is typically included with original applications for grant funding (as needed). Any interlocal agreements or evidence of local matching funds should be verified prior to the deadline for execution of the contract (as designated by the Board, or when needed).

Continued on next page

Rules/ Procedures (continued)

6. During the draft review, if minor changes in the scope of work or budgets as shown in a grant application are necessary, the revised scope and/or budgets must be submitted in writing to Contract Administration by the contract manager. Significant changes to the scope of work will require Board approval. Contract Administration staff will assist the contract manager with determination if additional Board approvals are required.
7. The contract manager should provide any additional information and assistance required by Contract Administration in the final preparation of the contract and associated materials. The contract manager should review the contract and any related materials to ensure the information is correct. The related materials may include:
   - an information packet,
   - two (or more) original TWDB contracts for execution,
   - a contract initiation form
   - a coordination memo which transmits the appropriate number of copies of the contract through internal staff reviewers to the Deputy Executive Administrator, Assistant Executive Administrator or Executive Administrator for approval and signature, and,
   - a letter from the TWDB transmitting the copies of the contract to the contractor for signature, and
   - a copy of the board agenda item (where applicable)
8. At the time that the final contract package is prepared, the contract specialist should determine if any information has not been received. It is the responsibility of the contract manager (with the assistance of Contract Administration) to ensure that all documents, budgets, etc. have been included.
9. If the contractor has not provided sufficient evidence of local matching funds (when required), the contractor will be notified of the deficiency through the transmittal letter that is included with the final packet.
10. Final contract packets are routed through the following: Contract Manager, Program Director, General Counsel, Finance/Accounting, the Deputy Executive Administrator, Assistant Executive Administrator and Executive Administrator (where needed). Once the routing is complete and approved, the packet is returned to Contract Administration for distribution, scanning and system updates.

Continued on next page

Rules/
Procedures
(continued)

11. After the contract originals are sent to the contractor for signature, the contract manager may follow-up by contacting the contractor to ensure that the contractor signs and dates all copies of the contract and provides evidence of local matching funds, if not already provided. Where applicable, the contractor must execute the contract originals and provide sufficient evidence of local matching funds before the deadline specified at Board approval of the application.
12. After the contractor has executed (signed and dated) and returned the original contracts to Contract Administration, the documents are routed to the appropriate DEA or the EA for final execution by the Board. For all Board initiated contracts, the TWDB will sign last. Upon execution, one executed original will be returned to the contractor.
13. A hard copy of the executed contract and a copy of the Contract Initiation Form should be filed in the Contract Working Files that are maintained by Contract Administration in Room 610A. The executed contract with original signatures is filed in the Official Contract File which is located in the fire proof, lockable cabinets in Room 630. Copies of the Memo, transmittal letter, and executed contract are scanned and maintained in the CAS system. The contract manager is notified of the execution and the original CIF is provided to Finance for their records.
    * Please note that in some instances, contracts with the Federal Government are executed with electronic signatures. In those instances, a hard copy of the award document and any associated correspondence will be included in the Contract Working Files and the Official Contract File.
14. After the contract has been executed and distributed, CAS is updated with agreement details. As previously described, an electronic copy of the executed contract package is also maintained in the CAS system.

Continued on next page

Rules/ Procedures (continued) (continued)	15. In accordance with Texas Government Code Section 2261.253, Contract Administration shall post on the agency web site for each contract for the purchase of goods and services from a private vendor: • each contract the agency enters into, including contracts entered into without inviting, advertising for, or otherwise requiring competitive bidding before selection of the contractor, until the contract expires or is completed; • the statutory or other authority under which a contract that is not competitively bid under Subdivision (1) is entered into without compliance with competitive bidding procedures; and • the request for proposals related to a competitively bid contract included under Subdivision (1) until the contract expires or is completed. 16. Where applicable, if the contract is not executed prior to any Board affirmed deadline, the contractor must request and receive a Board approved extension to the deadline, or the contract cannot be executed.
Responsibility	Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.8	Preparation, Routing, and Execution of a Contract Amendment
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy

Contract Administration is responsible for the preparation, routing, and execution of contract amendments. Any contract amendment request should be provided in writing by the contract manager to Contract Administration staff.

Purpose

To ensure that each step of the contract amendment cycle is properly conducted.

Rules/ Procedures

The following steps are taken in the preparation, routing, and execution of a contract amendment:

1. A contract amendment request can be initiated by the contract manager or the TWDB's contractor. If a formal contract amendment is required, the contract manager should require that the contractor submit a written request (or written acknowledgement if initiated by the TWDB) for the amendment, with justification for the proposed revision. The contract manager should review the revised budget or schedule and justification to ensure that the revisions are necessary and will still allow the approved contract scope of work to be performed.
2. **Contract Administration will determine if the requested amendment needs the attention of the Board, in accordance with Board Resolution 02-95. Similarly, in accordance with Section 2155.088 of the Texas Government Code, certain contract amendments that (a) extend the length of a contract for six months or more or (b) increase the total consideration to be paid under the contract by at least 10 percent, may require the consideration of the material change by the Board.**
3. If the requested revisions from the contractor are not satisfactory, the contract manager should notify the contractor in writing and identify any problems or deficiencies.
4. Once a satisfactory request is provided to the TWDB, the contract manager should deliver the written request for the amendment to Contract Administration along with any other

Continued on next page

Rules/ Procedures (continued)

relevant documentation to support the request. The contract manager should be prepared to provide additional information to assist with final preparation of the contract amendment as needed by Contract Administration.

5. Once a draft amendment is completed by Contract Administration, the contract manager should review the amendment (routing package) to ensure the information is correct. The materials will include two (or more if multiple contractors/signatories) original TWDB contract amendment copies for execution, a contract initiation form and a coordination memo outlining the changes that are being requested. The packet will be routed through the Contract Manager, Budget Officer, Appropriate Division Director, Legal, Finance, Deputy Executive Administrator, Assistant Executive Administrator and Executive Administrator (as needed) for approval and signature. A letter transmitting the copies of the amendment to the contractor for signature is also included.
6. After the EA, Assistant Executive Administrator or Deputy Executive Administrator has approved the contract amendment package, Contract Administration will provide the contract manager with a copy of the memo, transmittal letter and amendment. Once the amendment has been fully executed, the following distribution will be followed:
   - Original contract amendment and copy of contract initiation form goes to official file (fireproof cabinet)
   - Copy of amendment and all other routing package information goes to the official contract working files
   - Notification of the amendment to the contract manager
   - Original contract initiation form routed to Finance.
7. An electronic copy of the executed amendment package is placed in the Contract Administration System (CAS).

Approved Budget Memorandums (ABM)

Many of the TWDB's contracts allow for task and expense budgets to be updated without producing a full scale amendment. In these instances, an ABM can be prepared and signed by the TWDB contract manager and DEA. The ABM process allows staff to expedite budget changes – as deemed necessary by the contractor and the TWDB – which ensures that the agency can meet prompt payment requirements.

Responsibility Contract Administration

Chapter 3	Contracting Practices and Contract Management
Section 3.9	Routing and Reviewing Contracts and Amendments
Effective Date	July 1, 2010 *(revised: November 17, 2014)*

Policy

To effectively process contracts, the TWDB has assigned specific staff members to be responsible for various tasks in the routing and reviewing of contracts and amendments.

Purpose

To ensure that each step of the contract and amendment approval process is properly processed.

Rules/ Procedures

Contract Administration

Contract Administration is responsible for putting the contract routing package/folder together for the contract manager. The package will include the grant application (if applicable), an executable contract, a CIF, routing memorandum, a transmission letter to the contractor, a copy of the Board agenda item (if applicable) which includes the deadline for execution of contract and any special conditions, and any other related documentation deemed necessary by Contract Administration.

Continued on next page

Rules/ Procedures (continued)

Contract Managers and Division Directors

When routing a contract or amendment for approvals at the TWDB, the contract manager (and Division Director) should ensure the following criteria (at a minimum) have been met. Please note that contract managers are encouraged – though not required – to produce a copy of the following table as a guide to ensure a complete review.

Review - Action	Comments
Transmission letter and memorandum review - Verify documents properly addressed and dated - Verify contract/grant numbers - Verify letter is from proper EA/DEA	
Contract Initiation Form - Verify start and end dates are correct - Verify contract numbers - Verify budgets	
Contract/Grant Documents - Verify contract numbering - Verify Contractor names - Verify any Task and Expense Budgets - Verify standard provisions - included but not limited to: o termination clauses o contact information o scope of work o reporting requirements o deliverable requirements (*including number required*) - Verify sufficient time is given for reports and deliverables - Verify appropriate number of copies - Signatories and titles accurate	

A contract manager or director should typically require no more than two (2) days to review and comment on a contract or amendment.

Continued on next page

Rules/ Procedures (continued)

Please note, the State of Texas Contract Management Guide specifies that a contract manager's responsibilities are:

- *Participating, as necessary, in developing the solicitation and writing the draft documents. Contract administration must be considered during this process.*
- *Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements.*
- *Managing any state property used in contract performance.*
- *Authorizing payments consistent with the contract terms.*
- *Exercising state remedies, as appropriate, where a contractor's performance is deficient.*
- *Resolving disputes in a timely manner.*
- *Documenting significant events.*
- *Maintaining appropriate records.*

Approved packets require certification and signature on the routing sheet and the contract initiation form. The packet should then be delivered to the next reviewer as indicated on the routing sheet on the cover of the folder. This applies to all contract reviewers.

Continued on next page

Rules/ Procedures (continued)

Budget Officers and Accounting

When routing a contract or amendment for approvals at the TWDB, the budget officer and accounting/finance should ensure the following criteria (at a minimum) have been met:

Review - Action	Comments

Contract Initiation Form
- Verify start and end dates are correct
- Verify contract numbers
- Verify budgets
  o Local share and Board Share
  o Fund
  o COBJ
  o MOF
  o DEPT
  o PCA
  o Work Number
  o Fiscal Year
- Receivable contract relationships (*where applicable*)
Contract/Grant Documents
- Payment Terms
- Task and Expense Budgets reviewed and calculated
- Terms for Travel and other Expenses	

A budget or finance/accounting reviewer should typically require no more than two (2) days to review and comment on a contract or amendment.

Continued on next page

Rules/ Procedures (continued)

Contract Attorneys

When routing a contract or amendment for approvals at the TWDB, the contract attorney should ensure the following criteria have been met.

Review - Action	Comments

Contract/Grant Documents
- Accurate contract numbering
- Party/Contractor names verified
- Terms and Conditions
- Standard provisions are included and properly referenced – pay specific attention to contact information for both parties, review for:
  o termination clauses
  o ownership (if needed)
  o severance
  o force majeure
- Verification of any required state and federal clauses
- Signatories and titles accurate	

It is anticipated that General Counsel may require up to three (3) days to review and comment on a contract or amendment.

Executive Management

The Executive Administrator, Assistant Executive Administrator and/or Deputy Executive Administrator are encouraged to thoroughly review each contract or amendment that is presented for review and execution. It is expected that the executive reviewer will rely considerably upon the certification and signatures of subordinate staff as guidance to the acceptability of the contract or amendment.

Responsibility

Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.10	Review and Confirmation of Subcontracts
Effective Date	July 1, 2010 *(revised: November 17, 2014)*

Policy

The TWDB requires the review and confirmation of subcontracts as part of its routine contracting practices. Contract Administration will maintain provisions for the review of subcontracts and will assign staff to manage and monitor this process.

Purpose

To protect the contracting interests of the TWDB and the State of Texas. This process is limited to confirming that the subcontract is consistent with TWDB prime contract requirements

Rules/ Procedures

The following steps are taken in the successful review and approval of subcontracts:

1. The contract manager is responsible for ensuring their contractors provide the TWDB with a copy of every subcontract agreement. Subcontracts should be submitted to the TWDB in a timely manner for review and written approval prior to execution by the contractor and the subcontractor.
2. Each subcontract must be consistent with the terms of the prime contract between TWDB and the contractor, and include provisions that require subcontractor compliance with Board rules as specified.
3. Each subcontract should include a scope of work, task and expense budgets, and a work schedule that are consistent with the prime contract between TWDB and the contractor. It is important to make the contractor aware that the terms of the Board's prime contract with the contractor take precedence over all subcontracts.
4. The contract manager should contact the contractor in the early stages of the project to clarify TWDB subcontract requirements and should review each subcontract for compliance with all portions of the Board's contract.

Continued on next page

5. If there are any deficiencies in the subcontract, Contract Administration will draft a letter to the contractor detailing these deficiencies.
6. If the subcontract is judged to be satisfactory and consistent with the terms of the main contract, Contract Administration will prepare a letter to the contractor for the appropriate Deputy Executive Administrator's signature.

Exceptions

There are some instances where contracts will not include provisions for subcontracts or subcontract approvals. Contract Administration will determine when subcontracting provisions are not applicable.

Responsibility

Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.11	Review and Approval of Contract Payments
Effective Date	November 17, 2014 *(revised: March 17, 2016)*

Policy

Contract Administration will bear main administrative responsibility for processing of all contract related payments for the agency.

Purpose

To ensure that all contract related payment requests are properly processed and paid in accordance with the Texas Prompt Payment Act

Rules/ Procedures

The TWDB is required to meet prompt payment requirements for many of our agency contracts. In accordance with rules and instructions from the State Comptroller's office, "***[a] state agency's payment under a contract executed on or after September 1, 1987 is overdue by the 31st day after the later of the following:***

- ***the date the agency receives the goods and/or services in accordance with the contract;***
- ***the date the agency receives a <u>correct invoice</u> for the goods and/or service.***"

Please note that contracts with state or other governmental agencies and public universities are not subject to the payment of interest in association with the prompt payment act.

Payable Contract Payments

1. All contract payment requests and invoices must be received by Finance/Accounting staff for tracking purposes. Any physical invoicing documents received at the agency should be immediately directed to Finance/Accounting. Electronic invoices received via email should be immediately redirected to invoice@twdb.texas.gov.
2. Finance and Accounting staff will log invoices as they are received and redirect physical documentation to Contract Administration for processing. Any electronic documentation will be forwarded to contracts@twdb.texas.gov.

Continued on next page

Rules/ Procedures (continued)

3. Contract Administration will coordinate payment processing approvals – both electronic through the CAS system and in writing.
4. Approvals for payments will capture dates and "signatures" from the contract specialist (Contract Administration), contract manager and Finance/Accounting specialist.
5. Successfully processed payments will capture amounts (including local cash and in-kind expenses where applicable), task and expense budgets, document numbers, warrant numbers, direct deposit numbers, approval dates and the date the invoice was paid.

   Please note that for FEMA funded contracts, that in-kind match documentation will adhere to guidance and methods provided in "Estimating the Value of Partner Contributions to Flood Mapping Projects - Blue Book (https://www.fema.gov/media-library/assets/documents/8978). In-kind match payment information for FEMA related contracts will be maintained in the Contract Administration System.
6. Detailed desktop processing procedures will be maintained by Contract Administration with instructions on how to process payments.

Payment Holds

1. If an invoice is received while a contract amendment is pending execution, the contractor will be notified that the payment will be denied. The contractor will need to re-submit the invoice after the approval of the contract amendment.
2. If an invoice is received where approval of a subcontractor agreement or internal budget memorandum are pending, the payment can be placed "on hold" for up to eight calendar days. If the agreement and/or memorandum are not approved by the TWDB within the 8 days, the TWDB will deduct any expenses associated with the budget memorandum and/or affected subcontractor and will pay the remaining balance.
3. The approval of a budget adjustment request initiated by Accounting/Finance will have no bearing on invoices.

Continued on next page

Rules/ Procedures (continued)

Receivable Contract Payments

1. There are two types of billing requests that can be initiated by a contract manager:
    a. Receivable requests where an associated “payable” contract payment is reliant upon the receipt of incoming funds. In these instances a receivable request is prepared in conjunction with the payable routing package;
    b. Standalone receivable contracts where there is a scheduled monthly or quarterly invoice requirement that typically funds TWDB expenses and/or salary reimbursement.
2. Contract managers are responsible for requesting finance and accounting staff to generate receivable contract billing packages as required by the terms of their contract.
3. Finance and Accounting staff delivers billing package to Contract Administration for processing.
4. Contract Administration will coordinate billing request processing approvals - both electronic through the CAS system and in writing.
5. Approvals for billing request will capture dates and "signatures" from the contract specialist (Contract Administration), contract manager and Finance/Accounting specialist.
6. Successfully processed billing request will capture amounts, task and expense budgets, document numbers, warrant numbers, direct deposit numbers, invoice numbers, approval dates and the date the invoice was paid.
7. Detailed desktop processing procedures will be maintained by Contract Administration with instructions on how to process billing requests.

Responsibility

Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.12	Review and Approval of Draft Reports
Effective Date	July 1, 2010 *(revised: June 13, 2012)*

Policy

The majority of TWDB contracts have deliverables in the form of planning, engineering and scientific reports related to water in Texas. These contracts require contractors to produce an initial draft report to be followed by a final report. Contract Administration has assigned specific staff members who are responsible for various tasks in the review and approval process of draft reports.

Purpose

To ensure that the TWDB gets deliverables of the highest caliber and that each step of the draft report review and approval process is properly handled.

Rules/ Procedures

The following steps are taken in the successful review and approval of draft reports:

1. **NOTE: All Draft and Final Contracts are to be delivered to Contract Administration – not the Contract Manager.** Contract Administration will transmit a copy of the draft report(s), scope of work, and review guidelines to the contract manager and each designated reviewer along with a cover memorandum. The memo is transmitted through the contract manager, stating the due date of reviewer comments, which is normally two weeks – unless otherwise specified by the contract manager. Contract Administration will follow-up by contacting reviewers in order to get their timely responses.

Continued on next page

Rules/ Procedures (continued)

2. Contract Administration will transmit copies of any reviewer comments as they are received to the contract manager. Original comments will be kept in the contract working files by Contract Administration, including printouts of any emailed review comments. Reviewers are to notify the contract manager and Contract Administration if they are unable to complete their review by the due date.
3. Upon receipt of all staff review comments, Contract Administration (with the input of the contract manager) will prepare a transmission letter to the contractor – including an attachment with review comments - for the Deputy Executive Administrator's signature. It is important that the contract manager review the comments for appropriateness before including them in the attachment. If applicable, any review comments that are included from the Texas Commission on Environmental Quality (TCEQ) should be listed and referenced in a separate attachment since they are not Board staff comments. A reminder to the contractor to mail the Final Report to Contract Administration will be included in the letter.
4. **Comments should not be sent directly to the contractor by the Contract Manager.**
5. The letter transmitting review comments and suggested revisions to the final report will be routed through the contract manager, division director, and the Deputy Executive Administrator. Copies of each reviewer's actual comments will be attached to the letter as it is being routed for approval and signature. Only the edited comments will be mailed with the review letter – not each individual reviewer's comments.
6. Copies of all draft report related memos and letters are to be given to the contract manager and copies should be filed in the Contract Administration contract working files. Contract Administration will place the routing file in a “Final Reports Pending” queue until the Final Report is received.

Responsibility Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.13	Review and Approval of Final Reports
Effective Date	July 1, 2010 *(revised: November 17, 2014)*

Policy

The majority of TWDB contracts have deliverables in the form of planning, engineering and scientific reports related to water in Texas. These contracts require contractors to produce an initial draft report to be followed by a final report. The TWDB has assigned specific staff members who are responsible for various tasks in the review and approval process of final reports.

Purpose

To ensure that each step of the final report review and approval process is properly handled.

Rules/ Procedures

The following steps are taken in the successful review and approval of final reports:

1. When the final reports are received, Contract Administration staff will date stamp each copy of the report along with the transmittal letter. A copy of the transmittal letter is sent to contract manager.
2. After the reports have been date stamped, Contract Administration will check to see that the required number of copies specified in the contract have been received and will notify the contract manager about receipt of materials.
3. Contract Administration will send the contract manager a copy of the report, along with a copy of the draft review comments so that the contract manager can verify that all comments were addressed.
4. The contract manager should review the Final Report to see that all TWDB review comments have been satisfactorily addressed and that the content of the report is satisfactory (this is the contract manager's copy to keep).

Continued on next page

Rules/ Procedures (continued)

5. If the Final Report is satisfactory, the contract manager will notify Contract Administration by email. A letter will be prepared for signature by the Deputy Executive Administrator to notify the contractor that the Final Report is acceptable and in conformance with the terms of the contract. The letter will also note that the contractor may request payment of retainage that may have been held on the contract.
6. Once the letter is signed accepting the Final Report, Contract Administration will route the other reports as necessary to internal and external stakeholders.
7. A memo will be prepared to accompany one copy of the Final Report to be sent to the Texas Commission on Environmental Quality library.
8. A memo will be prepared to accompany four copies of the Final Report being sent to the State Archives. The reports should be packaged and addressed to the Coordinator of the Texas State Publications Clearinghouse at the Texas State Library, and provided to TWDB Communications staff for interagency mailing specifically intended for the State Archives.
9. An electronic version of the report should have been supplied by the contractor to the TWDB in portable document format (PDF). As a service to the general public, the majority of Final Reports will be posted on the agency Web site in a portable document format (PDF). Prior to posting to the Web, Contract Administration will secure approvals from Legal Services to verify the content of the report is acceptable to post to the Internet and does not compromise public security requirements according to the Department of Homeland Security. Once approval has been obtained from Legal Services to proceed, the PDF will be delivered to the TWDB webmaster for publication on the Agency Web site. PLEASE NOTE: Data associated with the Final Report will not be posted to the Web site as part of this process. Any CDs or other media containing scientific data apart from the Final Report that are submitted to the TWDB by the Contractor will be maintained in binders and made available to TWDB staff as needed. Requests for data files can be made by sending an email to contracts@twdb.texas.gov.
10. Contract Administration should verify that the contract status is changed to Retainage Pending, as appropriate.

Continued on next page

Rules/ Procedures (continued)	11. If the Final Report and any associated software are not acceptable for some reason, the contract manager and Contract Administration should prepare a letter for the Deputy Executive Administrator's signature notifying the contractor of any deficiencies that still need to be corrected prior to TWDB acceptance of the report. The routing will be the same as that for transmitting the written review comments of the draft Final Report. (**reference policy 3.11**)
Responsibility	Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.14	Delegation of Signature Authority
Effective Date	June 1, 2010 *(revised: March 17, 2016)*

Policy

Pursuant to Board Resolution 02-95, the Executive Administrator may enter contracts, without prior Board approval, if the contract amount is $250,000 or less. Contracts that exceed $250,000 require Board approval prior to execution.

Contract Administration will further ensure agency compliance with Texas Government Code Sections 2261.254 and 2261.255 related to high dollar value contracts.

Purpose

The delegation of signature authority ensures that proper controls are in place for procurement and contracting.

Rules/ Procedures

The Executive Administrator has delegated limited signature authority to the Assistant Executive Administrators. The Assistant Executive Administrators have further delegated to each Deputy Executive Administrator (DEA) or Acting DEA for final approval and execution of contracts and expenditure requisitions for their respective offices as follows:

- Receivable contracts up to $25,000.00;
- Payable contracts and expenditure requisitions up to $25,000.00. Please note that financial assistance contracts such as grants and/or loans (which require Board action) and any other contract that by law requires Board action must be signed and executed by the Executive Administrator. All contracts and expenditure requisitions exceeding $25,000.00 must be signed and executed by the Executive Administrator – even those approved by the Board;
- Amendments of payable contracts that do not increase the Board's monetary obligation beyond a total contract amount of $25,000.00.
- All amendments to change the expiration date of an agreement; and

Continued on next page

Rules/ Procedures (continued)

- Memorandums of Agreement between the Board and another government agency provided there is no financial cost to the Board.

  Please note that **Memorandums of Understanding** are exclusively reserved for consideration and execution by the Board and the Executive Administrator, in accordance with Texas Water Code, Section 6.104.

For contracts with a value that exceeds $1 million, regular reporting must be provided to the Executive Administrator that includes information on:

- compliance with financial provisions and delivery schedules under the contract;
- corrective action plans required under the contract and the status of any active corrective action plan; and
- any liquidated damages assessed or collected under the contract.

For contracts with a value that exceeds $5 million, Contract Administration must:

- verify in writing that the solicitation and purchasing methods and contractor selection process comply with state law and agency policy; and
- submit to the Board information on any potential issue that may arise in the solicitation, purchasing, or contractor selection process.

Responsibility

Contract Administration and the Executive Office

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.15	Contract Reporting
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy

The TWDB is required to report certain contracting activities in accordance with the Texas Government Code. Contract Administration will carry out these reporting functions.

Purpose

To ensure that the TWDB provides the public access to contracting information and to comply with provisions of the Texas Government Code.

Rules/ Procedures

Legislative Budget Board

In accordance with Texas Government Code Sec. 322.020, the Texas Legislature requires state agencies, with certain exceptions, to report major contracts awarded on or after October 1, 2007, to the Legislative Budget Board (LBB). State agencies must report all contracts, as well as requests for proposal, invitations to bid, and comparable bid solicitations related to major contracts, and amendments, to the LBB using the State Contracts application. Contract Administration maintains this reporting for the TWDB.

State Agency Reporting of Contracts

Texas Government Code Section 2101.041 requires all state agencies to report contract data effective September 1, 2015. Instructions have been received that these requirements will only apply to agencies that are utilizing the Centralized Accounting and Payroll/Personnel System (CAPPS). Implementation of the CAPPS system for use by the TWDB is pending scheduling by the Comptroller.

Rules/ Procedures (continued)

FFATA

The Federal Funding Accountability and Transparency Act (FFATA) was enacted to track contract accountability and to reduce and eliminate wasteful government spending. Prime grant recipients awarded a new Federal grant greater than or equal to $25,000 as of October 1, 2010 are subject to FFATA subaward reporting requirements as outlined in the Office of Management and Budget's guidance issued August 27, 2010. The prime awardee is required to file a FFATA subaward report by the end of the month following the month in which the prime recipient awards any sub-grant greater than $25,000. To comply with FFATA requirements, the TWDB must report the following contract data associated with any sub-grant of $25,000 or more, and executive compensation information for sub-grant awardees, where applicable. Contract Administration maintains this reporting for the TWDB.

Grant Reporting - Transparency

Texas Government Code Section 403.0245 requires a state agency that awards state grants in an amount greater than $25,000 make available to the public on their website the purpose for which the grant was awarded. Contract Administration maintains this reporting for the TWDB which can be found on the agency web site through the Texas Senate Bill 20 Expenditure Disclosure page.

Senate Bill 20 (84th Legislature)

In accordance with Texas Government Code Section 2261.253, all state agencies are required to post on its Internet website each contract the agency enters into for the purchase of goods or services from a private vendor, including contracts entered into without inviting, advertising for, or otherwise requiring competitive bidding before selection of the contractor, until the contract expires. Contract Administration maintains this reporting for the TWDB which can be found on the agency web site through the Transparency Portal.

Responsibility

Contract Administration

Responsibility (continued)

Historically Underutilized Businesses

The Texas Procurement and Support Services (TPASS) Historically Underutilized Business (HUB) Program from the State Comptroller's Office is tasked with the reporting of expenditures made by state agencies and institutions of higher education. To accomplish this task, TPASS is committed to providing this information semi-annually (September 1 - February 28) and annually (September 1 - August 31). The Contracting and Purchasing Team collaborates to provide the required data to TPASS in conformance with requirements of Texas Government Code Chapter 2161.

Quarterly Reporting of Contract and Purchase Order Amendments

In accordance with Texas Government Code Section 2155.088, after a contract for goods or services is awarded under chapter 2155, the governing body of a state agency must consider the material change to the contract and why that change is necessary when (1) extending the length of or postponing the completion of a contract for six months or more; or (2) increasing the total consideration to be paid under a contract by at least 10 percent. To satisfy this requirement, Contract Administration provides quarterly reporting to the Board for discussion and consideration.

Responsibility Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.16	Non Compensation of Overhead and Indirect Costs for Public University and State Agency Contracts
Effective Date	July 1, 2010

Policy

The Texas Water Development Board will not compensate overhead and indirect costs for public university or state agency contracts that are executed through a non-competitive process.

Purpose

Universities and state agencies are not required to dedicate funds to TWDB contracts/projects that are non-competitive. This policy exists because the affected contracts are fully funded by the TWDB. This practice allows the TWDB to extend research dollars further and increases the value of the agency's investment in these contracts.

Rules/ Procedures

1. Contract Administration is responsible for drafting all interagency contracts with state agencies and State of Texas public universities.
2. Each contract is required to contain a task and expense budget.
3. Contract Administration staff are responsible for ensuring overhead and indirect costs are not included in the expense budget. Contract Administration will negotiate with universities and state agencies if there are any issues or matters related to overhead and indirect costs.
4. Exceptions to fund indirect and/or overhead costs will be made only when Contract Administration is instructed to do so by the responsible Deputy Executive Administrator.
5. Exception requests must be documented via memorandum to Contract Administration and should be signed by the Deputy Executive Administrator (DEA) and Agency Contract Administrator. This memorandum should be submitted concurrently with the Contract Initiation Form. The memorandum will be filed with contract working documents.

Responsibility

Contract Administration

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.17	Verification of Financial Commitments and Expiration Dates for Board Approved Contracts
Effective Date	October 1, 2010 *(revised: March 17, 2016)*

Policy

For all contract related agenda items that need Board approval for execution, TWDB contract managers should:

- consider the inclusion of an expiration date for the Board's commitment.
- obtain input from Contract Administration and Finance management as part of the review process for development of any related agenda memoranda.

Purpose

Where appropriate, the establishment of expiration dates ensures that the TWDB is able to promptly execute agreements and commit allocated funds. Commitment expiration dates also compel contractors to be efficient and responsive to TWDB program requirements. Verification of any commitment expiration dates by the Contract Administration will ensure the information in any contract related Board agenda item is properly referenced and that time frames are appropriate.

Verification of all contract related Board memoranda by appropriate Finance management ensures that sufficient and appropriate funds are available prior to Board consideration.

Rules/ Procedures

1. For any contract that requires Board authorization for execution, staff are required to prepare a Board memorandum/agenda item to be presented at the monthly Board meeting. The agenda item should be developed in collaboration with Contract Administration and Finance staff. As appropriate, the agenda item and/or memorandum should include an expiration date for the Board's commitment to execute the agreement.
2. For agenda items requiring a commitment expiration date, Contract Administration recommends the following language be used in the memorandum:
   "Authorize the Executive Administrator to negotiate and execute contract(s) on or before DATE."

Continued on next page

Rules/ Procedures (continued)	3. The expiration DATE should be no more than 120 days and no less than 90 days from the day of the Board Meeting. 4. All memoranda and/or agenda items affected by this policy should be reviewed by Contract Administration and appropriate Finance management.
Responsibility	Contract Administration and Finance

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.18	Contract Manager Training Requirements
Effective Date	December 1, 2010 *(revised: November 17, 2014)*

Policy

TWDB Contract Managers must attend contract management training provided by TWDB Contract Administration and by the State Comptroller of Public Accounts (CPA).

Purpose

- Texas Government Code 2262.053 requires all State Government contract managers to participate in and complete the CPA contract management training program. The CPA curriculum addresses basic requirements of contract management and is considered essential to state government contracting.
- Attendance at TWDB provided contract management training sessions is equally important and ensures contract managers understand unique agency business processes and requirements.

Rules/ Procedures

Sections 2262.053 and 2262.0535 (*Training for Contract Managers and Governing Bodies*) of the Texas Government Code designate training requirements for certain state agency employees. Under these sections, the CPA has been designated to develop a contract management training and certification program.

1. Contract Managers must coordinate with their offices to register for training provided through the CPA. An expenditure request must be routed to register for any class and purchasing staff will coordinate the registration. Class schedules are available at http://www.window.state.tx.us/procurement/prog/training-cert/cmt/
2. Budget permitting, **Contract Managers should attend a minimum of one CPA provided class annually until all classes (three total) are completed**.
3. Contract Administration will provide contract management classes each fiscal year. Classes will discuss processes and contract management practices that are unique to the agency. **Contract Managers are required to attend at least one TWDB class each fiscal year.**

Responsibility

Contract Administration and Contract Managers

TWDB Contracting Policies and Procedures

Chapter 3	Contracting Practices and Contract Management
Section 3.19	Contract Close Out Procedures
Effective Date	March 17, 2016

Policy

TWDB contract documentation will be maintained in accordance with requirements under Texas Government Code Section 441.1855 and vendor performance tracking will be completed consistent with Sections 2155.0755 and 2155.089.

Purpose

Texas Government Code 441.1855 requires all State agencies to retain records of each contract entered into and all solicitation documents related to the contract through the seventh anniversary of the date:

- the contracts is completed or expires; or
- all issues that arise from any litigation claim, negotiation, audit, open records request, administrative review, or other action involving the contract or documents are resolved.

Texas Government Code Sections 2155.0755 and 2155.089 require each state agency to review a vendor's performance under a contract through the Comptroller's Vendor Performance Reporting System to ensure quality work is being delivered to the agency and to the State.

Rules/ Procedures

1. Upon contract completion, Contract Administration staff will follow detailed desktop procedures for closure of all records.
2. Contract Administration will obtain from the assigned contract manager a written confirmation that the contract is complete and that all deliverables and payment requirements have been satisfactorily completed.
3. All physical file documentation for the contract will be collected for archives and storage and the contract status in the Contract Administration System will be updated to 'complete' status.
4. Contract documentation will be retained in accordance with the agency Records Retention Schedule, Records Series Item No. 5.1.001, Agency Item No. O&A-CP – 417.

Continued on next page

Rules/ Procedures (continued)	5. Contract Administration staff will utilize the Comptroller's vendor performance tracking system to determine if the contractor satisfied the standards of the agreement and will maintain documentation of the report in the contract files as part of the close out process.
Responsibility	Contract Administration

TWDB Contracting Policies and Procedures

Chapter 4	Solicitation and Grant Practices
Section 4.1	Research and Planning Fund Contracts
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy

The Texas Water Development Board is tasked with the administration of the Research and Planning Fund (Texas Administrative Code, Title 31, Part 10, Chapter 355). The Research and Planning Fund currently has four categories eligible for funding:

- Regional Facility Planning
- Flood Protection Planning
- Water Research
- Regional Water Planning

The Water Science and Conservation (WSC) division and the Water Supply and Infrastructure (WSI) division administer the projects within these categories. Contract Administration is assigned to assist with the procurement related aspects of these programs.

Purpose

This Contracting policy describes the Research and Planning fund grants and eligibility requirements. Research and Planning grants provide financial assistance to individuals and political subdivisions to do research into the practical solutions of water-related problems.

Rules/ Procedures

Grant applications for each of these programs are solicited consistent with the requirements in Section 4.3 of the Policies and Procedures. Consistent with Title 31, Part 10, Chapter 355, Subchapter A, Rule 355.6 of the Texas Administrative Code, the execution of any Research and Planning funded contracts must be approved by the Board.

Regional Facility Planning Grants

Regional Facility Planning Grants are for water supply and wastewater treatment and collection. The TWDB provides matching grants to political subdivisions (including cities, counties, special districts and non-profit water supply corporations) to prepare plans to develop regional water supply facilities and wastewater facilities. A regional facility is a system that incorporates two or more service areas or serves an area involving two or more political subdivisions.

Continued on next page

Rules/ Procedures (continued)

Flood Protection Planning

Flood Protection Planning grants may be awarded to political subdivisions for the development of plans to provide protection from flooding. Applications from political subdivisions must indicate the intention to prepare and implement plans to protect citizens and property from flood damage. TWDB rules require that political subdivisions receiving grants for flood protection planning meet the following criteria:

- Have authority to plan for and abate flooding;
- Consider structural and nonstructural flood protection measures; and
- Plan for an entire watershed rather than for localized drainage improvements.

In addition to investigating structural and nonstructural solutions to flooding problems, several TWDB-funded planning studies have developed drainage criteria manuals to be used as guides for standard design and construction of drainage systems in the planning area. These guidelines are intended to ensure well-designed and efficient drainage facilities to protect lives and property from flooding and reduce unnecessary maintenance and replacement costs.

Grants for regional and flood protection planning are limited to 50 percent of the total cost of the project; however, the TWDB may provide up to 75 percent of the total cost to political subdivisions that have unemployment rates exceeding the state average by 50 percent or more and have per capita income that is 65 percent or less of the state average.

Water Research Grants

Water Research Grants are awarded for research dedicated to significantly enhancing the proper planning, management, conservation, development or protection of Texas' water resources. Examples of grants that have been awarded include investigations of a plumbing retrofit program, reuse of surface water to increase the dependable water supply of a reservoir, watershed yield augmentation, ground-water protection and recharge, and nonpoint source pollution control. The TWDB may award grants of up to 100 percent of the cost of a research project. Political subdivisions, universities and private companies are eligible for grant consideration.

Continued on next page

Rules/ Procedures (continued)	**Regional Water Planning** Senate Bill 1 from the 75th Legislature designated the TWDB as the lead state agency for coordinating the regional water planning process and developing a comprehensive state water plan. To accomplish these tasks, the TWDB developed planning guidance documents to govern how regional water plans will be developed. There are 16 Regional Water Planning Groups and each is responsible for preparing and adopting a regional water plan for their area. This program provides state financial assistance administered by the TWDB to assist in paying for the preparation of regional water plans. TWDB rules provide that state funds will be used to pay 100 percent of the direct planning costs, while Regional Water Planning Groups will be required to cover 100 percent of their administrative costs.
Responsibility	Contract Administration, Water Science and Conservation, and Water Resources Planning and Information

TWDB Contracting Policies and Procedures

Chapter 4	Solicitation and Grant Practices
Section 4.2	Other Water Science Contracts
Effective Date	July 1, 2010 *(revised: June 13, 2012)*

Policy

The Texas Water Development Board is tasked with administering the following other water science contract categories:

- Surface Water Resources
- Agricultural Water Conservation
- Groundwater Availability Modeling

The Water Science and Conservation (WSC) division administers the projects within these categories. Contract Administration is assigned to assist with the procurement related aspects of these programs.

Purpose

This contracting policy supports additional financial assistance programs for private and public entities that perform research, with the intent of promoting water science and conservation efforts in Texas.

Rules/ Procedures

Grant applications for each of these programs are solicited consistent with the requirements in Section 4.3 of the Policies and Procedures. Contract Administration helps WSC coordinate advertisements, development of contracts and negotiations with each of the following contract/grant programs:

Surface Water Resources

Surface Water Resources contracts with universities, government agencies and private companies to support data collection, evaluation and dissemination, and model development related to surface water projects. Contracts for Surface Water Resources are typically executed in late Summer/early Fall. These contracts must be presented to the Board for approval if funded through the Research and Planning Fund (Chapter 355, Subchapter A, Rule 355.6).

Continued on next page

Rules/ Procedures (continued)	**<u>Agricultural Water Conservation</u>** The Agricultural Water Conservation Grants Program offers grants to state agencies, institutions of higher learning and political subdivisions for technical assistance, demonstration, technology transfer, research and education, and metering projects that promote water conservation. Requests for Applications are published on an annual basis (typically in late Winter/early Spring). Grant topics vary from year to year to address current issues and topics in agricultural water conservation. Grant award recommendations must be presented for approval to the Board prior to contracting. For additional information please reference **Policy 4.3**. **<u>Groundwater Availability Modeling (GAM)</u>** Groundwater Availability Modeling projects are intended to collect, and obtain groundwater availability models for all major and minor aquifers in Texas in coordination with groundwater conservation districts and regional water planning groups. Requests for Proposals are published on an annual basis (typically in Spring). For additional information please reference **Policy 4.3**. Grants for each of these programs can be funded by the TWDB at up to 100%. Grant award recommendations must be presented for approval to the Board prior to contracting.
Responsibility	Contract Administration and Water Science and Conservation

TWDB Contracting Policies and Procedures

Chapter 4	Solicitation and Grant Practices
Section 4.3	Requests for Applications, Qualifications, Proposals and other Solicitations
Effective Date	July 1, 2010 *(revised: November 17, 2014)*

Policy

Contract Administration, in consultation and coordination with executive management, general counsel and agency leadership, will provide oversight and administration of the solicitation process for requests for contracting and grant funds. Available funds must be identified, internal management approval must be obtained, and Board approval must be acquired (if required by rule or resolution) prior to publication/solicitation.

Purpose

This policy ensures that Requests for Applications (RFAs), Requests for Qualifications (RFQs) and other solicitations are properly approved and published in the Texas Register and Electronic State Business Daily (as needed), and that appropriate procedures are implemented to promote fair competition for contract and grant funds.

Rules/ Procedures

Desktop procedures are also maintained in Contract Administration

Note regarding Requests for Applications
Currently, RFAs for regional facility planning, water research and flood protection are initiated as a collaborative process between Contract Administration, Water Science and Conservation (WSC), and Water Supply and Infrastructure (WSI). WSC is primarily responsible for Water Research and matters related to Surface Water Resources, Agricultural Water Conservation, and Groundwater Availability Modeling, while WSI is primarily responsible for Regional Facility Planning and Regional Water Planning. Each RFA is approved by the respective Deputy Executive Administrator, General Counsel and the Board (if required) prior to posting in the Texas Register. Currently, only RFAs for the Agricultural Water Conservation Program are required to have Board approval prior to posting the solicitation (see Texas Administrative Code Title 31, Part 10, Chapter 367, Rule §367.4)

The following steps are taken to develop and publish the solicitation:

RFQ Development

1. Contract Administration and a designated program subject matter expert (SME) prepare the RFA/RFQ. Previous RFAs/RFQs are available for review in Contract Administration.

Continued on next page

2. The RFA/RFQ is formatted and updated by Contract Administration. Evaluation criteria are collected from program staff at this time. The RFA/RFQ is routed for internal approvals which will include Budget, General Counsel, DEA, Assistant EA and EA.

Board Approval

3. If Board approval is required for funding, a copy of the Board item is required for processing the request.

Bid Determination and Advertisement

4. Once approved by upper management and the Board (if required), the RFA/RFQ is submitted electronically to Legal Services so that it can be published on the Texas Register. The Texas Register publication schedule is available at: http://www.sos.state.tx.us/texreg/liaisons.shtml.
5. Contract Administration and the program SME prepare appropriate files of rules, instructions, the RFA/RFQ, and any other pertinent information for publication to the TWDB Web page. This information is submitted to the TWDB Webmaster.
6. Contract Administration also takes appropriate measures to publish any RFA/RFQ on the Electronic State Business Daily (ESBD) with the State Comptroller's Office and any other electronic locations, as deemed necessary.
7. Contract Administration mails/emails information packets to potential applicants if requests are received, or directs them to appropriate information published on the TWDB Web site.

Questions and Answers from the Public

8. All questions from potential respondents will be coordinated through Contract Administration. Responses will be documented for the procurement file and published (if needed).

File Preparation and Management

9. Contract Administration maintains a Solicitation File. This file must include:
   - Copy of Solicitation
   - Copies of all letters mailed out with information packages.
   - Copies of all confirmation letters.
   - Any evaluation sheets by reviewers and the summary page.
   - Any correspondence to applicants.
   - A copy of the Board agenda item (if required).
10. The RFA/RFQ file is indexed by the Fiscal Year, Texas Register Document (TRD) number and the date that applications are due.

Continued on next page

11. As applications/responses are received, they must be date stamped and entered into an appropriate electronic log or spreadsheet. Electronic copies of the applications are loaded to the Contract Administration system with appropriate identifying data.
    No applications are accepted after the deadline.
12. Contract Administration is responsible for reviewing each application for administrative completeness. Contract Administration notifies the applicant of deficiencies. It is the applicant's responsibility to submit a complete application. A predetermined date for submittal of missing items should be determined by the program area and Contract Administration.

Scoring, Ranking and Selection

13. Once all applications/responses have been reviewed for completeness by Contract Administration, they are distributed for review. The appropriate Deputy Executive Administrator (or designated management team member if delegated) should determine reviewers of the applications.
14. Each reviewer is supplied with copies of the applications/responses, additional information requested for each application (if any), the RFA/RFQ, and scoresheets. All items that are distributed for review are logged by Contract Administration and must be returned by a specified date. Reviewers must sign non-disclosure forms prior to receiving applications for review.
15. After the reviewers complete their evaluations, the scores are entered into a master scoresheet by Contract Administration to determine the top ranked applications/respondents.
16. After the scores have been calculated, Contract Administration will work with the appropriate Deputy Executive Administrator to determine and confirm contracting/funding recommendations.
17. The Deputy Executive Administrator meets with the Executive Administrator and Assistant EA to finalize recommendations.
18. If required by rule or resolution, the winning applications/responses are presented to the Board as a funding recommendation. Upon Board approval, the contract development process begins.

Responsibility Contract Administration, WSC, WSI

TWDB Contracting Policies and Procedures

Chapter 4	Solicitation and Grant Practices
Section 4.4	Unsolicited Research Application Evaluation
Effective Date	July 1, 2010 *(revised: June 13, 2012)*

Policy

The TWDB will accept and consider unsolicited applications for research grants when funds are available. The TWDB shall receive and evaluate all applications (both solicited and unsolicited) for the opportunity to fund an applicant's proposed research topic.

Purpose

This policy ensures that all applicants have an equal chance for research funding regardless of whether their application for funding was solicited by the TWDB or not. This provides potential applicants an opportunity to submit topics for research that may not have been considered previously. The intent is to encourage creativity in planning, research and water science projects.

Rules/ Procedures

The following steps are taken in the evaluation of unsolicited applications:

1. Contract Administration, using an appropriate category application checklist will check unsolicited applications for completeness. After review of the application, Contract Administration will forward a copy of information regarding application completeness to the appropriate DEA and Division Director.
2. The Director and Contract Administration will review applications for eligibility from the Research and Planning Fund. If determined ineligible, the Director, with assistance from Contract Administration, shall transmit a letter notifying the applicant that their application is ineligible for grant funds.
3. If an unsolicited application has been determined to be complete and eligible for funding, Contract Administration will send the application to the Director and designated reviewers for consideration. These reviewers will:
   - Review the application taking into consideration the following:
     - Urgency of need for research,
     - Project staff qualifications,

Continued on next page

Rules/
Procedures
(continued)

- Reasonableness of budget,
- Reasonableness of time schedule,
- Project organization and management,
- Matching funds, as % of total percentage of matching funds in cash,
- Scope of application of research,
- Technical merit,
- Potential economic impact,
- Environmental enhancement potential,
- Water conservation potential,
- Potential water quality protection,
- Potential flood protection,
- Potential relevance to major research priority areas, which are updated as needed by the Review Committee for Research Topics,
- Completeness and thoroughness of application
- Specific and usable deliverables,
- Progress monitoring procedures, and
- Overall evaluation of the proposal's importance to state research needs (which includes any emergency research needs plus the research priority areas identified by the Review Committee for Research Topics).

- Provide written responses to the following:
  - Would you recommend to the Board for funding.
  - Would you recommend to the Board for funding, if changes were made to the proposal. .

4. Contract Administration will provide copies of the application and reviewers' written responses and scores to the appropriate Director and the Deputy Executive Administrator (DEA) when the review is complete.
5. The DEA will review the application taking into consideration the scores of the reviewers, the best value for the state, and any other relevant information; and decide whether or not to recommend the application to the Executive Administrator for funding.
6. The DEA then submits funding decision to Contract Administration. Contract Administration will assist with the preparation of submittal to Executive Administrator if funding is recommended.
7. The DEA presents recommendation packet to Executive Administrator.

Continued on next page

Rules/ Procedures (continued)

8. The Executive Administrator may support the application for Board funding based on the following:
   - Staff recommendation,
   - Finding of applicant's demonstrated need,
   - Finding of availability of funds, and
   - Finding that funding the application is in the state's best interests.

   In making this finding the Executive Administrator can consider the timing of the proposed work, nature of proposed work, organizational goals, local support for the application, probability of implementation of the results of the project, and proposed matching funds.

9. With the Executive Administrator 's approval, the application will be taken to the next regular Board meeting for consideration of funding of the application.
10. Prior to the next regular Board meeting, the Director will negotiate with any successful applicant concerning ineligible tasks and expenses.
11. With the approval of the Board, the Director will work with Contract Administration to designate a contract manager to begin the contract initiation process

Responsibility Contract Administration, WSC, WSI

TWDB Contracting Policies and Procedures

Chapter 4	Solicitation and Grant Practices
Section 4.5	Process for Selecting and Ranking Applications for Funding
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy	Each TWDB Division that manages Research and Planning, Surface Water Resources, Agricultural Water Conservation, or Groundwater Availability Modeling projects is responsible for having internal procedures for the ranking of research topics. Overall procedures are maintained and verified by Contract Administration.
Purpose	This policy ensures that grant applications and statements of qualifications are evaluated and ranked correctly to determine the funding of proposed projects.
Rules/ Procedures	The appropriate Deputy Executive Administrator will select a review team when grant applications are provided to the TWDB. The review team may prioritize and rank applications considering objective criteria. Ranking and scoring criteria will be maintained by Contract Administration and should be reviewed annually by Contract Administration, Water Science and Conservation (WSC) and Water Supply and Infrastructure (WSI) to determine if terms are appropriate or need to be updated. 1. Contract Administration will coordinate all administrative aspects of the review and scoring. 2. Scores will be compiled by Contract Administration and reported to the appropriate DEA and affected program areas. 3. Staff from WSC and/or WSI will prepare a Board memorandum and route through Contract Administration and General Counsel for approvals. 4. Contract Administration will notify applicants of funding results. 5. Contract Administration will initiate contract development after Board approvals.
Responsibility	Contract Administration, WSC, WSI

TWDB Contracting Policies and Procedures

Chapter 4	Solicitation and Grant Practices
Section 4.6	Federal Emergency Management Agency (FEMA) Grants
Effective Date	July 1, 2010 *(revised: March 17, 2016)*

Policy

Contract Administration and Flood Mitigation Planning will provide oversight and administration over the FEMA grant application and contracting processes.

Purpose

To acquire annual federal funding for planning activities and technical assistance in support of Flood Mitigation Assistance (FMA) and Severe Repetitive Loss (SRL) in flood prone areas in the State of Texas.

Rules/ Procedures

FMA Grants

The TWDB participates in the FMA program that is administered by FEMA. Once a year, the TWDB must complete an application process to apply to FEMA for FMA Planning and Technical Assistance grants. This process typically starts in April and should be complete by mid-May of the year.

1. FEMA notifies the Flood Mitigation Assistance Coordinator at TWDB of available funds.
2. The Coordinator will initiate the application process via communication from FEMA. FEMA will notify the FEMA point of contact in Denton, Texas with information on grant money for a defined fiscal year period.
3. The TWDB Coordinator notifies Contract Administration and supplies information on application needs to be sent to FEMA for FMA Planning and Technical Assistance grants.
4. The following steps are taken in the application process:
    a. Contract Administration will assist Flood Mitigation staff with the completion of the following forms:
    - Standard Form 424
    - FEMA Form 20-20
    - FEMA Form 20-16
    - FEMA Form 20-22

Continued on next page

Rules/ Procedures (continued)

Forms (20-20, 20-22 and 424) are generally found on the network under V:CA/APPLICATION AND PROGRAM INFORMATION/FEMA/FORMS, and are labeled by the form number. A copy of form 20-16 is located in the FEMA file, in the folder labeled FEMA forms.

b. Samples of how to complete the forms are located in the FEMA File, in the folder labeled FEMA forms. The amounts to fill in are given by the Coordinator who will provide the amounts that FEMA makes available for the FMA program. The forms should be saved by fiscal year.
c. Once the amounts are known, the forms should be completed and reviewed for accuracy by Contract Administration and Flood Mitigation. After the review is complete, the completed forms are routed through Finance, Legal, the DEA for WSC and then the EA for review and signature. When the forms have been approved, a copy is filed on the network as described above (FY__ FEMA applications) with hard copies mailed to the FEMA Point of Contact in Denton, Texas.
d. Upon FEMA's approval, a contract will be mailed to the TWDB and Contract Administration will then prepare a routing package for the contract to be signed and executed.

Please note that Flood Mitigation staff maintains a Work Process Document related to FMA program that may provide additional details about the grant program requirements.

SRL Grants

The TWDB participates in the SRL program that is administered by FEMA. Generally, FEMA will open the application period for SRL at the beginning Federal Fiscal Year (September) and provide the allocation of funding available to each state. However, the application period can be announced at any time and for any period at the discretion of FEMA.

1. As funds become available through FEMA, the TWDB will publish notice in the Texas Register requesting applications from eligible communities for SRL project grants.

Continued on next page

Rules/ Procedures (continued)	2. Once satisfied with the completeness of an application, Flood Mitigation staff will prepare an item for presentation to the Board to obtain approval for the EA to forward applications to FEMA. 3. Once approved by the Board, a memorandum from Flood Mitigation to the EA is prepared describing the procedure for submitting applications by the e-grant process, attaching paper copies of all sub-grant applications. 4. Once the EA has initialed indicating approval to submit, the package is routed back to Staff thereby allowing the submittal to FEMA on behalf of the EA. 5. Upon notification of award by FEMA, TWDB will negotiate and execute contracts with selected entities. *Please note that Flood Mitigation staff maintains a Work Process Document related to SRL program that provides additional details about the grant program requirements.* *Please further note that for FEMA contracts that Contract Administration will not require collection of any **demolition** or **construction** related subcontracts for approval. Only subcontracts for engineering services will be required for approval in accordance with **Contracting Policy 3.9**.*
Responsibility	Contract Administration, Flood Mitigation

Continued on next page

Chapter 5	Construction Assistance Contracting Practices
Section 5.1	Construction Assistance Projects and Contract Management Assignments
Effective Date	February 23, 2011*(revised: March 17, 2016)*

Policy

Contract Managers for construction and financial assistance projects must ensure their contracts and financial assistance agreements contain a clear scope of work that defines performance and deliverable requirements. Contract Managers must also manage and document ongoing day-to-day contract issues, and monitor the progress of the work performed by the contractor/entity.

Purpose

This policy ensures that the TWDB receives quality services on construction assistance contracts and financial assistance agreements through grants and loans – while reducing risk to the TWDB and the State of Texas.

Rules/ Procedures

WSI staff may be assigned as a contract manager for either **Special Projects** or **Engineering Projects** as deemed appropriate by the Director (or designee) of the Regional Water Planning and Development (RWPD) Division. For all contracts, contract managers are expected to manage and monitor the progress of work performed by TWDB contractors daily.

Special Projects

1. These assignments are for contracts that are “special” in nature and are not part of the everyday engineering/construction funding programs administered by RWPD.
2. All staff in RWPD are eligible to be tasked as a Contract Manager for Special Projects.
3. Chapters 1 through 3 of the TWDB – Contracting Policies and Procedures fully apply to these assignments.

Continued on next page

Rules/ Procedures (continued)

Engineering Projects

1. These assignments are made to manage projects that have received TWDB financial assistance for the development of water and wastewater infrastructure in communities throughout the State.
2. WSI staff in RWPD are eligible to be tasked as a Contract Manager for Engineering Projects.
3. Chapters 1 through 3 of the TWDB – Contracting Policies and Procedures apply to these assignments, with the following exceptions and/or clarifications:
    a. RWPD contract managers manage Utility Projects that receive funding from loans and bond transactions, as well as grants. The contracting language associated with financial assistance agreements can be established through a variety of funding instruments. Because of this, please note that the provisions in Chapter 3 of the TWDB – Contracting Policies and Procedures:
        - apply to projects funded through grants and loan forgiveness agreements,
        - do **<u>not</u>** apply to projects funded through loan agreements, master agreements or projects funded through bond orders, which are unique and administered independently of Contract Administration.
        - Exceptions are noted in items **b**, **c**, **d** and **e** that follow.

    b. **Sections 3.11 and 3.12 do not apply to Utility Project contracts**. The review, routing, and approval of deliverables for engineering projects is governed by other procedures in WSI and General Counsel.
    RWPD reviews and comments on planning, design, and construction documents, in addition to reviewing and approving payments throughout the completion of a project. The approval is done through Program Administration and Reporting. This involves sending and receiving a high volume of documents which includes bound planning documents, plans and specifications, professional contracts, contract documents, change orders, and close out correspondence. It also involves close coordination on comments with financial and legal team members, who also review project documents at various stages.

Continued on next page

Rules/ Procedures (continued)	c. **The Rule for <u>Acceptance of Deliverables</u> stated in Chapter 1, Section 1.2** of the Contracting Policies and Procedures does not apply to Utility Projects. WSI maintains separate procedures for the acceptance of deliverables for Utility Projects. d. **The Rule for <u>Payment Terms</u> stated in Chapter 1, Section 1.2** of the Contracting Policies and Procedures does apply to Utility Projects in the form of ensuring that outlays and invoicing requests are promptly reviewed and processed. e. **Sections 3.5, 3.6 and 3.7 apply to Engineering Project contracts and grants only**. Projects funded through loan agreements, master agreements or projects funded through bond orders are subject to separate procedures that are maintained by WSI.
Responsibility	RWPD Contract Managers

TWDB Contracting Policies and Procedures

Chapter 5	Construction Assistance Contracting Practices
Section 5.2	Routing of Grants, Loans and Amendments for Construction Assistance
Effective Date	June 13, 2012

Policy

The TWDB has assigned the Contract Administration Division to manage the preparation, routing and execution of new loans and grants (and their amendments) for Construction Assistance projects

Purpose

To ensure that each administrative step of the loan/grant cycle is properly handled.

Rules/ Procedures

Similar to the rules of **Section 3.6** and **3.7**, Contract Administration must follow specific steps for execution of a loan/grant:

1. A contract routing package/folder is prepared by Contract Administration. A draft loan/grant is prepared by a staff attorney in Legal Services, typically using a boiler plate template, as designated by the General Counsel of the TWDB.
2. A copy of the Board agenda item is included with the routing package (as needed).
3. Any negotiations related to the agreement will be conducted by the TWDB staff attorney prior to delivering a final version to Contract Administration for routing and approvals.
4. The contract manager should provide any additional information and assistance required by Contract Administration in the final preparation of the loan/grant and associated materials. The contract manager should review the loan/grant and any related materials to ensure the information is correct. The related materials may include:
   - an information packet,
   - two (or more) original TWDB loan/grant documents for execution,
   - a coordination memo which transmits the appropriate number of copies of the loan/grant through internal staff reviewers to the Executive Administrator for approval and signature,

Continued on next page

Rules/ Procedures (continued)

- a letter from the TWDB transmitting the copies of the loan/grant to the contractor for signature, and
- a copy of the board agenda item

5. At the time that the final loan/grant package is prepared, the contract specialist should determine if any information has not been received. It is the responsibility of the contract manager (with the assistance of Contract Administration) to ensure that all documents, budgets, etc. have been included.
6. Final loan/grant packets are routed through the following: Contract Manager, Program Director, General Counsel, Finance/Accounting, the Deputy Executive Administrator, Assistant Executive Administrator and Executive Administrator. Once the routing is complete and approved, the packet is returned to Contract Administration for distribution, scanning and system updates.
7. After the loan/grant originals are sent to the contractor for signature, the contract manager may follow-up by contacting the contractor to ensure that the loan/grantor signs and dates all copies of the loan/grant.
8. After the contractor has executed (signed and dated) and returned the original loan/grant to Contract Administration, the documents are routed to the EA for final execution by the Board. Upon execution, one executed original will be returned to the contractor.
9. A hard copy of the executed loan/grant should be filed in the Contract Working Files that are maintained by Contract Administration in Room 610 A. The original executed loan/grant with original signatures is filed in the Official Contract File which is located in the fire proof, lockable cabinets also in Room 630. Copies of the Memo, transmittal letter, and executed loan/grant are scanned and maintained in the TxWISE system. The contract manager is notified of the execution.

Responsibility Contract Administration

Appendix – TWDB Contract Life Cycle

Business Process Diagram

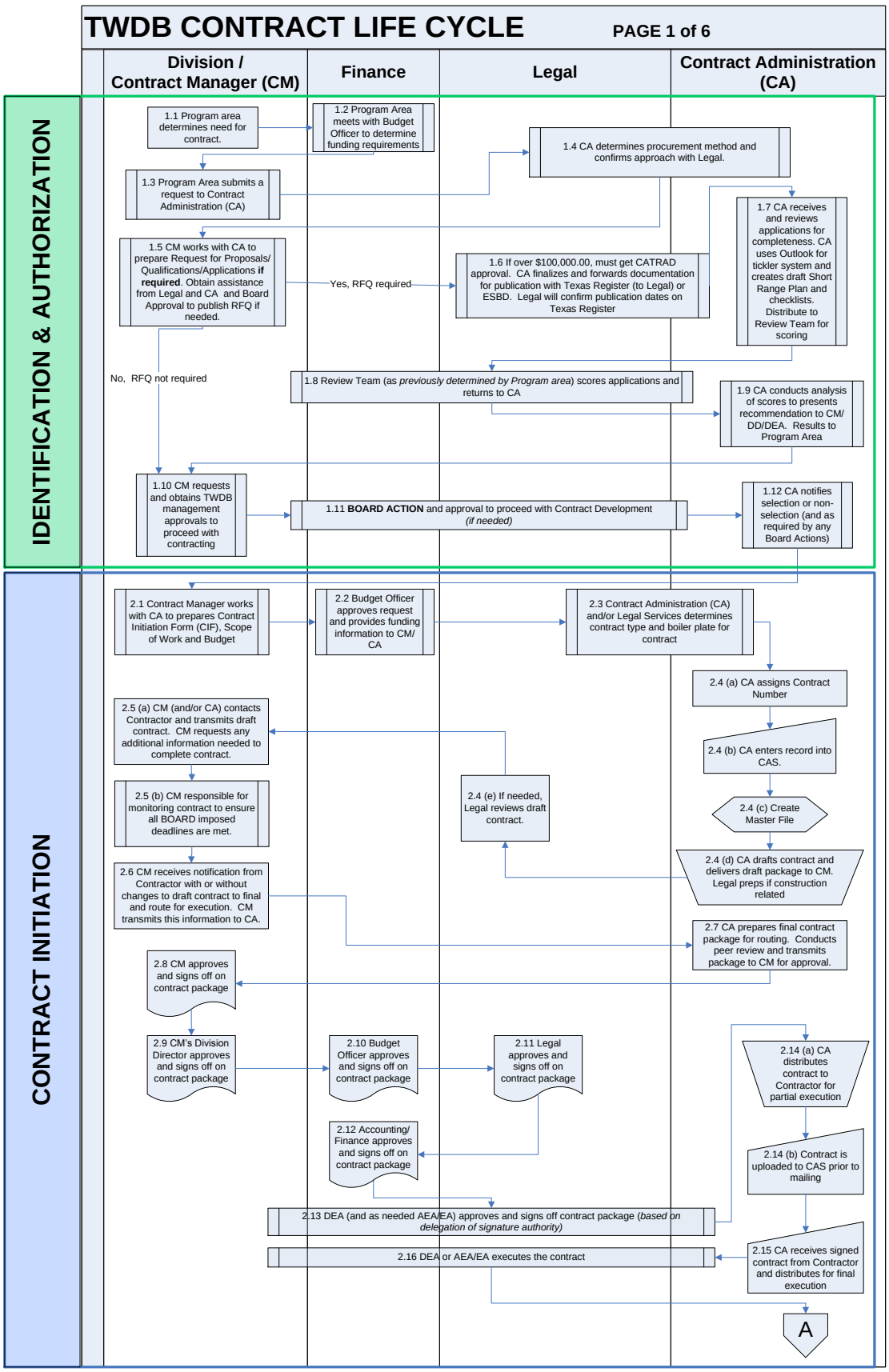
Appendix A provides a business process diagram that shows the entire life cycle of contract management at the Texas Water Development Board. The major process areas include:

- Identification and Authorization,
- Contract Initiation,
- Post Execution,
- Contract Management and Oversight (Subcontracts, Amendments and Payments), and
- Contract Completion and Closeout

This process diagram can be used to compliment the activities described in Chapters One through Five and guide you through the contract management routine.

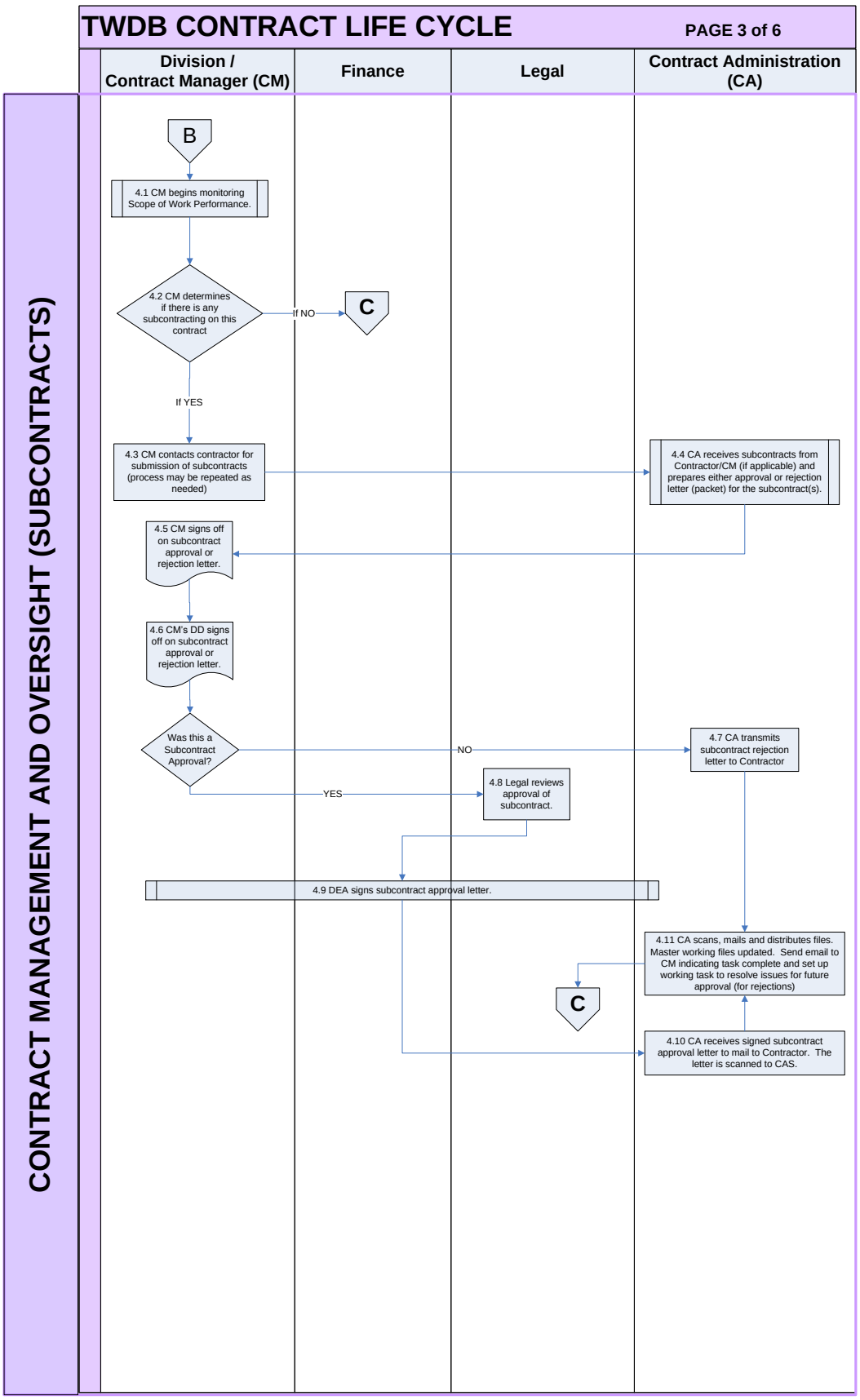
TWDB CONTRACT LIFE CYCLE

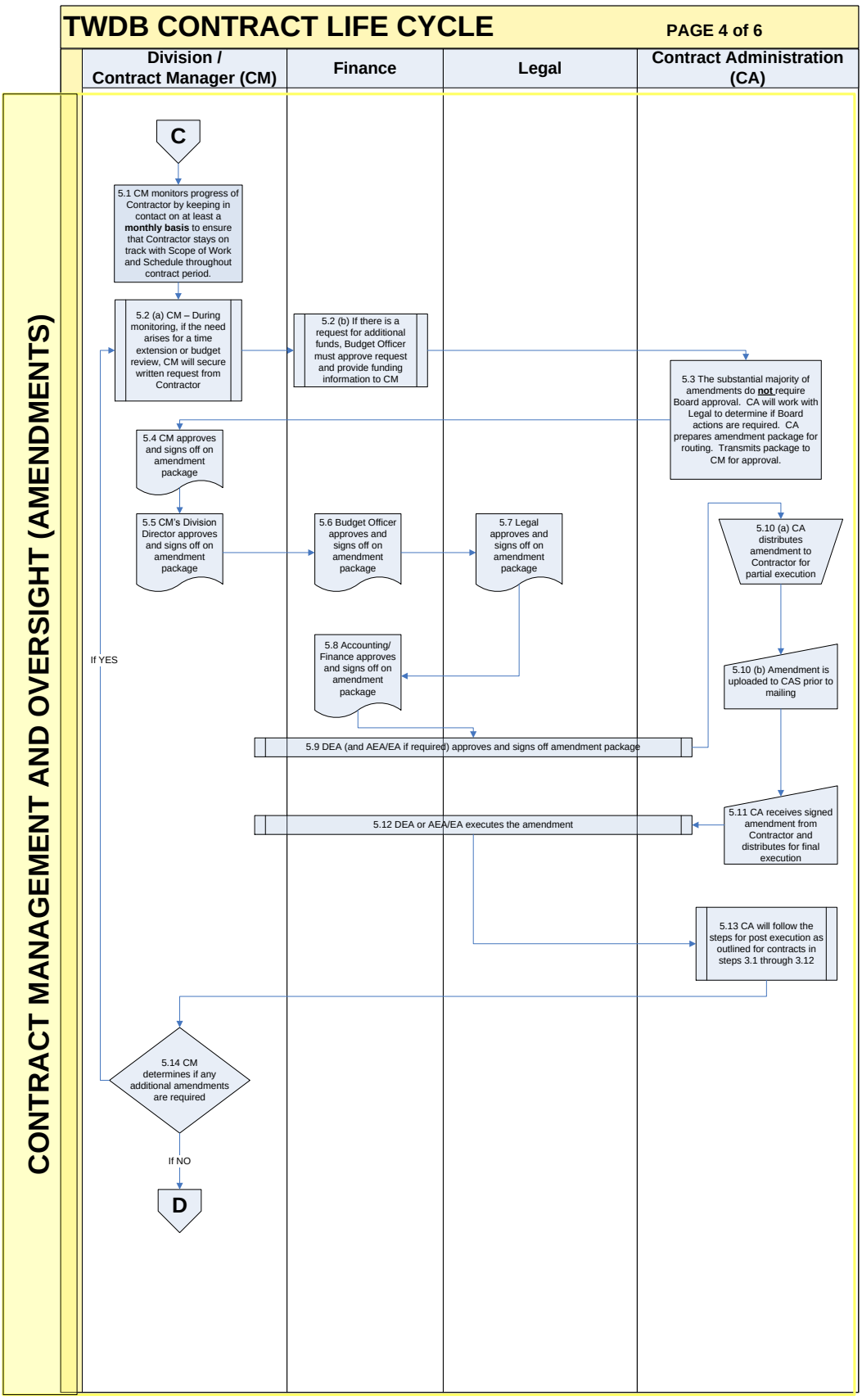
PAGE 1 of 6



TWDB CONTRACT LIFE CYCLE

	Division / Contract Manager (CM)	Finance	Legal	Contract Administration (CA)
POST EXECUTION				A 3.1 CA receives executed documentation back from DEA or EA office 3.2 Contract Initiation Form updated with date information 3.3 Documentation scanned to CAS 3.4 CA creates master files for original contracts and working files 3.5 Mailing package prepared for Contractor to include cover letter and one original copy of contract 3.6 Email sent to CM and CA staff notifying that task for contract execution is complete 3.7 One full PDF copy of the contract is printed to be placed in working files 3.8 CAS (or TxWise) is updated with new contract information 3.9 Contract Work Log is updated with completion of assignment 3.10 Distribution of original documentation for Records Management and mailing of contractor copies 3.11 Master working file provided to Payments Team for review and set-up of any necessary templates and documentation 3.12 Master working file placed in cabinets – in sequence by last four numbers of contract B

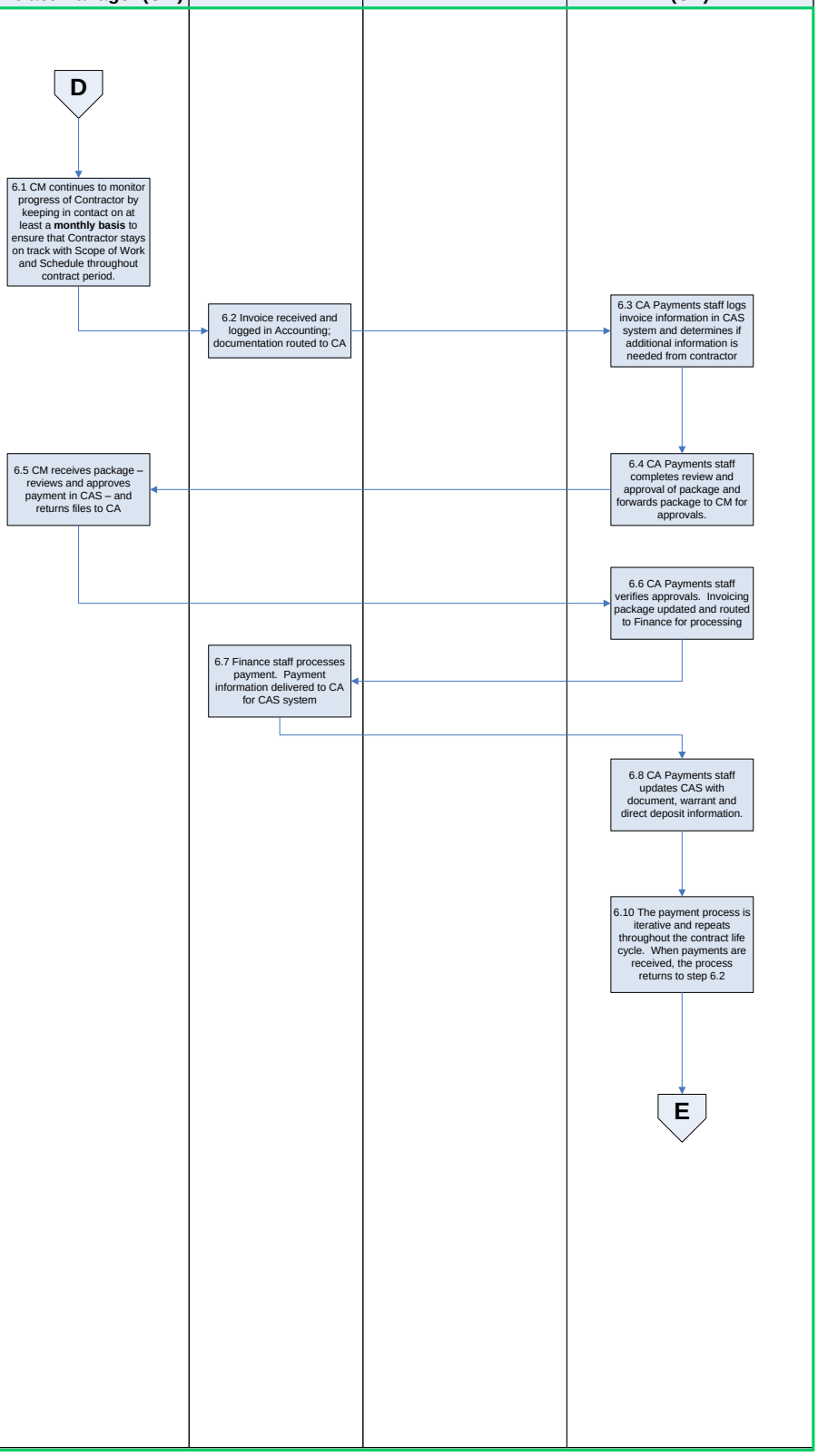
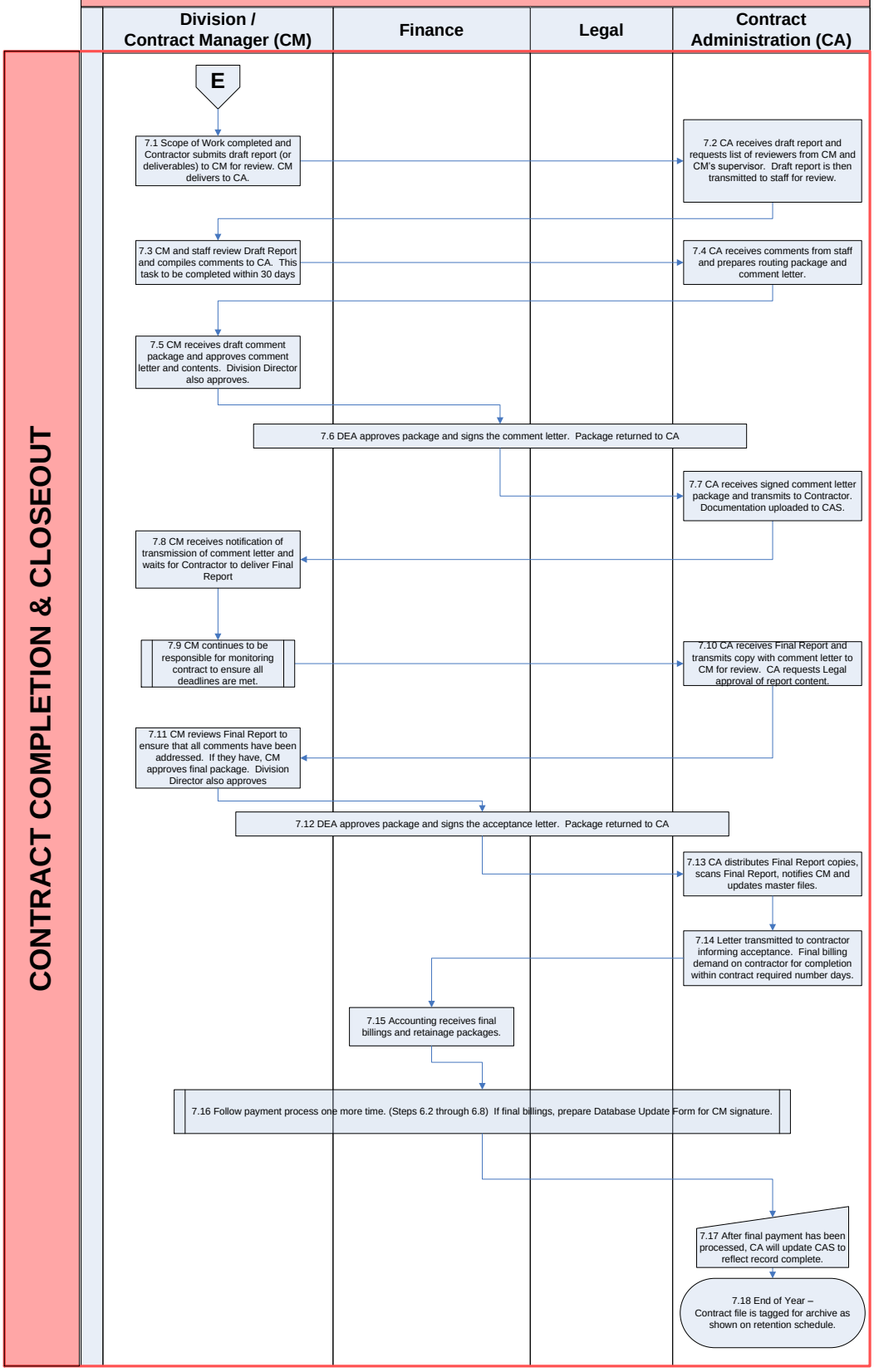

TWDB CONTRACT LIFE CYCLE
PAGE 3 of 6
Division / Contract Manager (CM)
Finance
Legal
Contract Administration (CA)
CONTRACT MANAGEMENT AND OVERSIGHT (SUBCONTRACTS)
B
4.1 CM begins monitoring Scope of Work Performance.
4.2 CM determines if there is any subcontracting on this contract
If NO
C
If YES
4.3 CM contacts contractor for submission of subcontracts (process may be repeated as needed)
4.4 CA receives subcontracts from Contractor/CM (if applicable) and prepares either approval or rejection letter (packet) for the subcontract(s).
4.5 CM signs off on subcontract approval or rejection letter.
4.6 CM's DD signs off on subcontract approval or rejection letter.
Was this a Subcontract Approval?
NO
4.7 CA transmits subcontract rejection letter to Contractor
YES
4.8 Legal reviews approval of subcontract.
4.9 DEA signs subcontract approval letter.
4.11 CA scans, mails and distributes files. Master working files updated. Send email to CM indicating task complete and set up working task to resolve issues for future approval (for rejections)
C
4.10 CA receives signed subcontract approval letter to mail to Contractor. The letter is scanned to CAS.


TWDB CONTRACT LIFE CYCLE
PAGE 4 of 6
CONTRACT MANAGEMENT AND OVERSIGHT (AMENDMENTS)
Division / Contract Manager (CM)
Finance
Legal
Contract Administration (CA)
C
5.1 CM monitors progress of Contractor by keeping in contact on at least a monthly basis to ensure that Contractor stays on track with Scope of Work and Schedule throughout contract period.
5.2 (a) CM – During monitoring, if the need arises for a time extension or budget review, CM will secure written request from Contractor
5.2 (b) If there is a request for additional funds, Budget Officer must approve request and provide funding information to CM
5.3 The substantial majority of amendments do not require Board approval. CA will work with Legal to determine if Board actions are required. CA prepares amendment package for routing. Transmits package to CM for approval.
5.4 CM approves and signs off on amendment package
5.5 CM's Division Director approves and signs off on amendment package
5.6 Budget Officer approves and signs off on amendment package
5.7 Legal approves and signs off on amendment package
5.10 (a) CA distributes amendment to Contractor for partial execution
5.8 Accounting/ Finance approves and signs off on amendment package
5.10 (b) Amendment is uploaded to CAS prior to mailing
If YES
5.9 DEA (and AEA/EA if required) approves and signs off amendment package
5.12 DEA or AEA/EA executes the amendment
5.11 CA receives signed amendment from Contractor and distributes for final execution
5.13 CA will follow the steps for post execution as outlined for contracts in steps 3.1 through 3.12
5.14 CM determines if any additional amendments are required
If NO
D

TWDB CONTRACT LIFE CYCLE

CONTRACT MANAGEMENT AND OVERSIGHT (PAYMENTS)

Division / Contract Manager (CM)	Finance	Legal	Contract Administration (CA)



TWDB CONTRACT LIFE CYCLE