

Contract Management Policy

Applies to: Any state office or activity of the executive branches of state government, including state agencies, departments, offices, divisions, boards, commissions, institutions of higher education as defined in [RCW 28B.10.016](#) and correctional and other types of institutions.

Authorizing sources:

- State Law [RCW 39.26.080\(2\)](#)
- State Law [RCW 39.26.180\(1\), \(3\)](#)

Effective date:

Last update: N/A

Sunset review date: [5 years from effective date]

Approved by: _____ Chris Liu, Director

Reason for Policy

In order to ensure agency business objectives are met during the contracting process, agencies must actively engage in contract management in the following three Contract Life Cycle Phases: 1) Pre-award, 2) Award, and 3) Post-award.

- 1) **Contract Life Cycle Phase One - Pre-award.** Agencies must draft solicitations and contracts so they align with the agencies' business objectives. To implement this requirement, agencies must engage in the pre-award activities below where appropriate.
 - a. **Involve stakeholders** – during the procurement and contract development process agencies should ensure the appropriate stakeholders are involved. Activities will include:
 - i. Defining the scope of the services and/or product specifications
 - ii. Defining the budget
 - iii. Drafting the procurement documents
 - iv. Drafting the contract, and
 - v. Conducting a market analysis.
 - b. **Appoint a contract administrator/manager** - Agencies must appoint a contract administrator/manager for each contract. The role of the contract administrator/manager is to ensure the contractual business objectives are met. The contract administrator/manager is also responsible for coordinating the administration of the contract which includes contract monitoring, tracking and approval of deliverables, reporting of contract performance, and post-contract procedures.

- c. **Draft a performance-based contract** – to the extent practicable, agencies should enter into performance-based contracts that include deliverables and performance measures or outcomes. See [RCW 39.26.180 \(3\)](#).
- d. **Draft a contract management plan** – For each contract, agencies shall develop a contract management plan that identifies the appropriate level of administration, monitoring, and relationship management that is consistent with the complexity and level of risk of the contract. The plan shall identify staff (in addition to the contract administrator/manager) that will participate in contract monitoring. The assignment of roles and responsibilities under this plan should be documented in the contract file.

2) **Contract Life Cycle Phase Two - Award:** Agencies must establish a contract that accurately reflects the agreement between the parties and documents the contract's performance objectives and standards.

To ensure the agency's business objectives are met the agency may enter into contract negotiations with the lowest responsive and responsible bidder to determine if the bid may be improved. Agencies may not use negotiations to permit a bidder to change a nonresponsive bid into a responsive bid. See [RCW 39.26.160 \(6\)](#). Contract negotiations may not be used to substantially change the scope of the original solicitation or substantially increase the value of the contract.

3) **Contract Life Cycle Phase Three - Post-award:** Agencies must ensure that each party performs according to their obligations. To implement this requirement, agencies should engage in the post-award activities below where appropriate.

- a. **Implement contract administration** – agencies are responsible for ensuring contracts are entered into the electronic system the agencies use, setting up internal payment procedures, tracking invoices and payments to the vendors, and tracking the contract budgets.
- b. **Monitor contract performance** – Agencies are responsible for monitoring contract performance, as defined in the contract, to ensure that goods and services received from the vendor fulfill the contract requirements.
- c. **Have a kick-off meeting** – Agencies should consider scheduling a kick-off meeting with the vendor's key representatives prior to the start of the contract. The purpose of a kick-off meeting is to align the agency's understanding and the vendor's understanding of the contract requirements.
- d. **Receive goods and services** – Agencies are required to inspect and evaluate all goods and/or services at the time of receipt to determine whether the goods and/or services comply with the contract under which they were purchased.
- e. **Ensure prompt payment is received** – Agencies are required to establish procedures to ensure timely, accurate, and cost-effective payment of obligations to vendors. See SAAM 85.32.50.
- f. **Manage contract issues and disputes** – Managing contract issues and disputes is a core function of successful contract management. Agencies should identify problems as they occur and

resolve them promptly. Disputes should be well documented and kept as a part of the contract file.

- g. **Terminate the contract** – When contract issues persist and cannot be resolved, an agency may need to terminate the contract before the contractual period of performance has ended. Termination is a complex decision and should be made only after sufficient analysis and consultation with agency leadership and the Assistant Attorney General.
- h. **Maintain the contract file** - Agencies must maintain a contract file for all agency contracts. Files must contain relevant documentation to show that contract performance was effectively managed and that payment was made for only those goods and services received by the state.

Agency personnel that are responsible for managing a contract must complete DES Contract Management training.

- a. **Obtain training** – DES has made the training program available in the Learning Management System (LMS).
- b. **Training new employees** – Employees assigned these responsibilities after July 31, 2019, shall complete the required training within 90 days of assignment. Specifically, this applies to anyone who is responsible for managing a contract and is a new employee, current staff assigned to new responsibilities/duties, or an employee assigned to a new position.

Resources

[WA-State Contract Management Manual](#)

Appendices

There are no appendices associated with this policy

History

N/A
