

Idaho Department of Correction 	Standard Operating Procedure Management Services Division General Administration	Control Number: 147.06.06.001	Version: 1.4	Page Number: 1 of 13
		Title: Contract Management: General		Adopted: 5-20-2011 Reviewed: 6-8-2011 Next Review: 6-8-2013

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Open to the general public: Yes No

If no, is there a redacted version available: Yes No

BOARD OF CORRECTION IDAPA RULE NUMBER

[None](#)

POLICY CONTROL NUMBER 147

[Contract Management](#)

DEFINITIONS

[Standardized Terms and Definitions List](#)

Contract Oversight Manual: A manual that (1) defines administrative and oversight protocols and procedures for a specific contract, and (2) includes a communication plan, requirements to be monitored, performance measures, and an escalation plan.

Division of Purchasing (DOP): A division within the State of Idaho's Department of Administration that is responsible for the oversight of all state purchasing activities.

Virtual Prisons Program (VPP): A work unit within the Management Services Division that is responsible for the oversight of correctional facilities operated by a private contractor.

PURPOSE

The purpose of this standard operating procedure (SOP) is to establish:

- The authority and responsibilities involved in the oversight and administration of services and commodities provided by those under contract with the Idaho Department of Correction (IDOC);
- Guidelines that ensure contracted services and commodities are evaluated for contractual compliance and satisfactory performance, and the responsibilities of all parties are discharged properly; and
- Responsibilities for contract management components.

Note: This SOP does not provide guidance on the specific procedures to be followed in conducting contract oversight for individual contracts. For contract management procedures involving contracted prison operations see SOP [147.06.06.002](#), *Contract Management: Contracted Prison Operations*. For contract management procedures involving healthcare services see SOP [147.06.06.003](#), *Contract Management: Healthcare Services*.

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SCOPE

This SOP applies to any IDOC employee involved in the procurement, oversight, administration, and monitoring of services and commodities provided by contractors.

RESPONSIBILITY

Director of the IDOC

The director of the IDOC (or designee) is responsible for contracting authority.

Chief of the Management Services Division

The chief of the Management Services Division (or designee) is responsible for overseeing and monitoring the provisions provided herein.

Chief of the Operations Division

The chief of the Operations Division (or designee) is responsible for providing oversight and monitoring of the healthcare services.

Deputy Chief of the Contract Services Bureau

The deputy chief of the Contract Services Bureau (or designee) shall be responsible for implementing this SOP and for ensuring IDOC employees are practicing the guidelines, standards, and procedures provided herein.

Contract Administrator

The contract administrator shall be responsible for the contract administration activities described herein. (For additional expectations, see [section 2.](#))

Contract Monitor

The contract monitor shall be responsible for monitoring services and commodities provided by contractors. (For additional expectations, see [section 2.](#))

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GENERAL REQUIREMENTS

The nature of contract management varies based on the type of contract, scope of work, dollar value, complexity, level of risk, and the experience and commitment of personnel involved. The resources allocated for the administration and monitoring of an individual contract shall be commensurate with the scope of work, complexity, and level of risk.

Note: Any employee involved in the procurement, oversight, administration, and monitoring of services and commodities (provided by contractors) is required to conduct himself ethically and professionally in accordance with policy [217](#), *Ethics and Standards of Conduct*.

1. Goal and Components

Generally stated, the goal of contract management is to ensure contracted services and commodities are evaluated for contractual compliance and satisfactory performance, and the responsibilities of all parties are discharged properly. The technical administration of a government contract is an essential activity, and its importance ensures a maximum return on the IDOC’s contract dollars. Contract management activities should begin at the development of contract procurement documents and remain in effect throughout the term of a contract.

The components of contract management include, without limitation, the following:

- Definition of roles and expectations;
- Identification of primary milestones and activities from contract procurement through contract closeout;
- Establishment of contract monitoring and reporting protocols and procedures related to the specific contract;
- Verification and authorization of contract payments;
- Development of communication protocols;
- Identification of escalation procedures;
- Establishment of a quality assurance (audit) plan;
- Development of the change management process; and
- Exercise of State of Idaho remedies, as appropriate, when a contractor’s performance is deficient.

2. Essential Functions

Contract management is typically divided into the following two (2) essential functions:

Contract Administration

At the beginning of a procurement process, a contract administrator shall be identified to manage the procurement process for the IDOC. The contract administrator shall work in conjunction with the State of Idaho’s Division of Purchasing (DOP).

Upon contract award and throughout the term of the contract, the contract administrator shall report (routinely and/or as requested by the deputy chief of the Contract Services

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Bureau [or designee]) to the deputy chief of the Contract Services Bureau, chief of the Management Services Division, and IDOC Leadership Team regarding contract compliance.

Note: The Leadership Team consists of the director of the IDOC, division chiefs, and the director's administrative support manager.

Contract administration duties typically include, but will not be limited to, the following:

- Managing the contract procurement process, to include Request for Information (RFI) and Request for Proposal (RFP) development and participation in the evaluation process;
- Facilitating contract pre-award and post-award activities;
- Coordinating contract implementation activities;
- Ensuring all parties meet the terms of the contract;
- Managing the change management process (see [section 8](#));
- Facilitating contract negotiations between the IDOC and a contractor to incorporate change of scope;
- Acting as the liaison between the IDOC, DOP, and the contractor's legal or contract representative(s);
- Developing a standardized filing system and maintaining the [Contract Records Management Guide](#);
- Providing clarification of contract language and technical assistance;
- Coordinating remedy and cure processes;
- Coordinating contract closeout activities;
- Coordinating contract audits with the Quality Assurance Unit;
- Coordinating legal reviews of all contract procurement documents, breach notifications, and amendments; and
- Managing the contract payment approval process.

Contract Oversight

At the beginning of a procurement process, the chief of the Management Services Division (or designee) shall identify at least one contract monitor to participate in the procurement process as a subject matter expert. The chief (or designee) may designate other resources as necessary. Upon contract award and throughout the term of the contract, the contract monitor(s) shall act as a liaison between the IDOC and the contractor to facilitate and conduct contract oversight activities. The contract monitor(s) involved with the processes described herein, will report to the business support manager (located in the Contract Services Bureau).

Contract oversight duties typically include, but will not be limited to, the following:

- Developing the Contract Oversight Manual (see [section 4](#));
- Evaluating on-site operations to determine adherence to contract terms and conditions;
- Measuring, monitoring, and tracking performance;

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- Analyzing key indicators to identify patterns and trends;
- Escalating life-safety issues or contract violations;
- Analyzing contractor reporting **and** performance and outcome measures;
- Utilizing effective methodology for monitoring activities, to include direct observation, document and record reviews, interviews, statistical analysis, unannounced inspections, and fact-finding;
- Completing compliance reports and briefing the chain of command **and** the contract administrator on contract and operational issues; and
- Reviewing a contractor's progress on corrective action plans.

Contract Management Team

A Contract Management Team may be assigned to a contract as designated by the chief of the Management Services Division. Typically, the team consists of the deputy chief of the Contract Services Bureau, a contract administrator, a contract monitor(s) **or** the deputy warden of the Virtual Prisons Program, the business support manager (located in the Contract Services Bureau), a DOP representative, and the contractor's legal or contract representative(s).

The Contract Management Team shall facilitate and attend regularly scheduled meetings to discuss contract performance, compliance, and operations. All formal contracts (or corporate correspondence) shall be reviewed and signed by the deputy chief of the Contract Services Bureau (for the purpose of IDOC contract oversight).

3. Activities and Lifecycles/Timelines

The following provides an outline of activities that represent the lifecycle of a contract. Each activity includes a responsible party and timeline from contract inception through closeout.

Responsible Party	Activity	Timeline
Procurement		
Contract Administrator and Contract Monitor	Development of solicitation documents (RFI, RFP)	8 to 12 months prior to contract award (or expiration/termination)
Contract Administrator and Contract Monitor	Development of proposal evaluation criteria and scoring documents	Concurrent with RFP development
Contract Administrator and Contract Monitor	Pre and post-contract award activities	90 to 120 days prior to contract commencement date
Contract Administrator and Contract Monitor	Post-award conference with contractor	90 days prior to contract commencement date
Contract Administrator and Contract Monitor	Contract implementation and/or transition activities	90 days prior to contract commencement date until complete
Performance		
Contract Administrator and Contract Monitor	Development of the Contract Oversight Manual	90 to 120 days prior to contract commencement date and ongoing

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Responsible Party	Activity	Timeline
Quality Assurance (QA) Manager and QA Auditor	Development of a quality assurance plan	30 days prior to contract commencement date
Contract Administrator	Development of a change management process	30 days prior to contract commencement date
Contract Administrator and Contract Monitor	Contract or operational meetings	Frequency mutually agreed upon, but no less than semi-annually
QA Auditor	Contract audit	Annually
Closeout		
Contract Administrator and Contract Monitor	Conduct contract closeout audit	90 to 120 days prior to contract expiration date
Contract Administrator and Contract Monitor	Begin contract closeout checklist and activities	60 to 90 days prior to contract expiration date
Contract Administrator	Issue final contract payment	45 to 90 days after contract completion
Contract Administrator	Archive contract records	1 year after contract completion

4. Monitoring and Reporting

It is the IDOC's responsibility to monitor a contractor's performance of and compliance with contract terms and conditions for contracted services and commodities. The contract monitor(s) is responsible for understanding the contract terms and conditions, and knowing the scope and limitations of his authority. Each contract, as designated by the chief of the Management Services Division (or designee), will have defined monitoring responsibilities within the contract **and** within a correlating Contract Oversight Manual. The Contract Oversight Manual shall identify the contract monitor's duties and reporting requirements to include monitoring methodology, protocols, and procedures.

Process Step: Developing a Correlating Contract Oversight Manual

A Contract Oversight Manual (that correlates to the contract) will be developed as follows:

Functional Roles and Responsibilities	Step	Tasks
Contract Monitor and Contract Administrator	1	Develop a list of contract requirements to be monitored.
		Note: The priorities must be based on the requirements risk to the IDOC.
Contract Monitor and Contract Administrator	2	Define the standards or performance measures for each requirement.
Contract Monitor and Contract Administrator	3	Develop the process for evaluation of performance measures.
Contract Monitor and Contract Administrator	4	Determine the monitoring frequency.

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Functional Roles and Responsibilities	Step	Tasks
Contract Monitor and Contract Administrator	5	Develop an escalation plan in accordance with section 6 of this SOP.
Contract Monitor and Contract Administrator	6	Develop a communication plan. Note: The plan must outline the chain of command, points of contact, and reporting protocols.
Contract Monitor and Contract Administrator	7	Submit a completed plan to the business support manager (Contract Services Bureau) and deputy chief of the Contract Services Bureau.
Business Support Manager (Contract Services Bureau) and Deputy Chief, Contract Services Bureau	8	<ul style="list-style-type: none"> Review the Contract Oversight Manual; <i>and</i> Approve if complete; or Return to the contract monitor or contract administrator for revision.
Contract Monitor and Contract Administrator	9	If the Contract Oversight Manual: <ul style="list-style-type: none"> Requires revision – revise as instructed and return to step 7. Was approved – Provide a copy to the contractor.

5. Contract Payment Verification and Approval Process

The following contract payment verification and approval process will be followed to ensure payments are reviewed, verified, approved, and processed in a timely manner.

Functional Roles and Responsibilities	Step	Tasks
Contract Monitor	1	Receive the monthly invoice and review it for accuracy.
Contract Monitor	2	Verify with the contract administrator whether liquidated damages have been assessed. If so, attach liquidated damage documents.
Contract Monitor	3	<ul style="list-style-type: none"> Return the invoice to the contractor to address the discrepancies; or Forward the invoice and liquidated damage documents to the deputy chief of the Contract Services Bureau for an initial review.
Deputy Chief, Contract Services Bureau	4	<ul style="list-style-type: none"> Complete an initial review of the invoice and attached liquidated damage documents; and Approve or return the documents to the contract monitor to have the discrepancies corrected.
Contract Monitor	5	<ul style="list-style-type: none"> Return the invoice to the contractor to address the discrepancies; or Forward the invoice to the business support manager (Contract Services Bureau) for signature approval.
Business Support Manager (Contract Services Bureau)	6	Complete a secondary review, ensure accuracy, and approve via signature.

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Functional Roles and Responsibilities	Step	Tasks
Contract Monitor	7	<ul style="list-style-type: none"> Forward the approved invoice to the Fiscal Unit (located in Central Office) for processing; and File a copy of the invoice in the contract records.

6. Escalation Procedures

Escalation procedures will be specifically defined in the Contract Oversight Manual (that correlates to the contract). When performance or non-compliance issues are identified, findings shall be reported in accordance with the process steps in the following tables (as applicable).

Table 6-1: Non Life-safety or Security Issues

Functional Roles and Responsibilities	Step	Tasks
Contract Monitor	1	<ul style="list-style-type: none"> Observe, review, assess, and analyze the performance deficiencies; and Report the deficiencies to the contract administrator.
Contract Monitor and Contract Administrator	2	Consult with the business support manager (Contract Services Bureau) to determine the appropriate course of action based on the situation, circumstance, and contract parameters.
Contract Administrator	3	Provide a written notice to the contractor that outlines the performance deficiency, IDOC expectations to address the issue, and require an action plan.
Contract Administrator	4	Advise the business support manager (Contract Services Bureau) and deputy chief of the Contract Services Bureau of the performance deficiency and the steps taken to address or resolve the deficiency.
Contractor	5	Submit a plan of action and resolution timeframe to the contract administrator.
Contract Monitor	6	<p>Evaluate and identify whether the contractor (or facility) satisfactorily addressed the performance deficiency.</p> <ul style="list-style-type: none"> The deficiency was addressed satisfactorily – report your finding to the contract administrator. (The issue will be documented and considered resolved. The process ends here.) The deficiency was not addressed satisfactorily – report your finding to the contract administrator. (The contract administrator will notify the business support manager [Contract Services Bureau] and the process will continue with step 7.)

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Functional Roles and Responsibilities	Step	Tasks
Business Support Manager (Contract Services Bureau)	7	<ul style="list-style-type: none"> • Gather all necessary documentation to support a formal determination of contract non-compliance and/or breach; • Consult with the deputy chief of the Contract Services Bureau to develop an action plan; • Brief the deputy attorney general (DAG) who represents the IDOC, internal IDOC stakeholders, and the DOP; • Facilitate the decision-making process; and • Correspond with the contractor's legal or contract representative(s) on formal notifications and remedies.

Table 6-2: Life-safety or Security Issues

If the contract monitor observes a serious security breach, or any other incident that may pose a risk to the safe, secure operation of the facility, **or** constitutes a life-safety issue, he shall begin the following process steps:

Functional Roles and Responsibilities	Step	Tasks
Contract Monitor	1	Immediately notify the contractor's management staff or the highest ranking supervisory personnel within the facility. Note: This notification must be verbal and in writing.
Contract Monitor	2	Immediately notify the contract administrator and business support manager (Contract Services Bureau).
Contract Administrator	3	Send a formal notification to the contractor requesting an action plan to resolve the life-safety or security issue within 24 to 48 hours.
Business Support Manager (Contract Services Bureau)	4	Report life-safety issues to the deputy chief of the Contract Services Bureau. Note: The deputy chief will inform the chief of the Management Services Division and the director of the IDOC.
Contract Monitor and Business Support Manager (Contract Services Bureau)	5	<ul style="list-style-type: none"> • Monitor the contractor's response and progress; and • If the contractor does not comply, notify the deputy chief of the Contract Services Bureau.
Business Support Manager (Contract Services Bureau)	6	Contact the contractor's corporate office to discuss the life-safety or security issue and a resolution. <ul style="list-style-type: none"> • Contractor indicates they will comply – monitor the progress. (The process skips to step 8.) • Contractor indicates they will not comply – the process continues at step 7.
Deputy Chief, Contract Services Bureau	7	Meet with the IDOC Leadership Team and a DAG (who represents the IDOC) to determine a course of action.

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Functional Roles and Responsibilities	Step	Tasks
Business Support Manager (Contract Services Bureau)	8	Document the follow-up action and report to the director of the IDOC, chief of the Management Services Division, and deputy chief of the Contract Services Bureau.

7. Quality Assurance (Audit) Plan

Designated contracts shall be audited no less than annually through a formalized quality assurance process.

- The Quality Assurance Unit (located at Central Office) shall be responsible for leading and facilitating contract compliance audits; and
- The Medical Unit (located at Central Office) shall be responsible for planning and conducting contract compliance audits that are specific to healthcare services.

Upon conclusion of the audit, the lead auditor will finalize an audit report and that report will be presented to the IDOC's Leadership Team. The report will then be distributed to the contractor's legal or contract representative(s), along with a request for a corrective action plan (if necessary).

All audit documentation shall be maintained by the contract administrator and filed in a centralized record-keeping area.

8. Change Management Process

Throughout the term of a contract, it may become necessary to make changes to the contract's terms and conditions **or** the scope of work. Contract changes are made through a formal contract amendment process in which the contractor, the IDOC, and the DOP agree that a modification is necessary because of the scope of work, the term of the contract, or some other provision needs to be altered. Failure to manage and control contract changes can result in an unintentional modification to the scope of work, extension of the term, increase in cost, circumvention of management controls, or lessened contractor accountability.

The contract administrator is responsible for:

- Ensuring formal, written approval of all changes occur prior to the change taking place;
- Evaluating the impact of each change to the contract objectives and deliverables;
- Facilitating negotiations;
- Drafting the amendment and attaining internal review and approval before attaining external review and approval;
- Maintaining documentation of all changes and approvals;
- Distributing the amendment to the contract monitor(s);
- Retaining an amendment for inclusion in the contract file; and
- Ensuring contract extensions are approved by the IDOC Leadership Team.

Change requests can be initiated by the IDOC, DOP, or contractor in accordance with the process steps in the following tables (as applicable).

Table 8-1: IDOC and/or DOP Initiated Change Requests

Functional Roles and Responsibilities	Step	Tasks
Contract Administrator	1	Develop the scope of the change.
		Note: The DOP shall work with the contract administrator to initiate a change.
Contract Administrator and DOP Representative	2	<ul style="list-style-type: none"> Provide a letter to the contractor outlining the scope of the change being requested; and Request that the contractor provide a proposal with a description of any impacts to cost, time, quality, or performance.
Contract Administrator and DOP Representative	3	Review the contractor's proposal to determine whether it is reasonable and a benefit to the IDOC.
Contract Administrator and Business Support Manager (Contract Services Bureau) and DOP Representative	4	Negotiate any scope, cost, or terms and conditions with the contractor.
Contract Administrator	5	Obtain approval for contract changes from the deputy chief of the Contract Services Bureau and the IDOC Leadership Team.
Contract Administrator	6	<ul style="list-style-type: none"> Prepare an amendment (in conjunction with the DOP); and Submit it for approval to the business support manager and deputy chief of the Contract Services Bureau.
DOP Representative	7	Submit the amendment to the contractor for execution.
Contractor	8	Execute the amendment and return it to the DOP.
DOP Representative and Director of the IDOC	9	Fully execute the amendment.
Contract Administrator	10	Distribute the amendment to all involved parties.

Table 8-2: Contractor Initiated Change Requests

Functional Roles and Responsibilities	Step	Tasks
Contractor	1	<ul style="list-style-type: none"> Provide a letter to the contract administrator outlining the scope of the change being requested; and Provide a proposal with a description of any impacts to cost, time, quality, or performance.
Contract Administrator and DOP Representative	2	Review the contractor's proposal to determine whether it is reasonable and a benefit to the IDOC.

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Functional Roles and Responsibilities	Step	Tasks
Contract Administrator and Business Support Manager (Contract Services Bureau) and DOP Representative	3	Negotiate any scope, cost, or terms and conditions with the contractor.
Contract Administrator	4	Obtain approval for contract changes from the deputy chief of the Contract Services Bureau and the IDOC Leadership Team.
Contract Administrator	5	<ul style="list-style-type: none"> • Prepare an amendment (in conjunction with the DOP); and • Submit it for approval to the business support manager and deputy chief of the Contract Services Bureau.
DOP Representative	6	Submit the amendment to the contractor for execution.
Contractor	7	Execute the amendment and return it to the DOP.
DOP Representative and Director of the IDOC	8	Fully execute the amendment.
Contract Administrator	9	Distribute the amendment to all involved parties.

9. Remedy and Cure Process

Remedy and cure processes shall be generally stipulated in a RFP **and** the resulting contract. The contract administrator **and** business support manager (Contract Services Bureau) are responsible for identifying areas of contractor non-compliance or unsatisfactory performance **and** evaluating potential contract breach. In the event the potential for breach exists, the contract administrator will:

- Consult with the deputy chief of the Contract Services Bureau, the DOP, and DAG (who represents the IDOC);
- Formally notify the contractor in writing; and
- Request a plan of action.

The plan of action shall be reviewed and its acceptance determined by the IDOC **and** the DOP. All formal determinations of breach will be made conjunctively by the IDOC **and** the DOP.

Remedy processes, to include remedial action or liquidated damages, shall be managed by the contract administrator. Contract terms identified as a cause for breach are considered high risk and shall be monitored on a regular basis. Incidents of breach that result in contract termination shall be administered by the DOP, in cooperation with the IDOC. Any contract termination decisions shall be approved by the IDOC's Leadership Team with consultation with the DAG who represents the IDOC.

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REFERENCES

[Contract Records Management Guide](#)

Policy [217](#), *Ethics and Standards of Conduct*

Standard Operating Procedure [147.06.06.002](#), *Contract Management: Contracted Prison Operations*

Standard Operating Procedure [147.06.06.003](#), *Contract Management: Healthcare Services*
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