



# Contract Management :

**Purpose** of this training is to give supervisors a basic understanding of managing a contract. A contract is needed Whenever you receive and/or give out money for a project. There are certain provisions, per state law, that need to be met to keep your district out of hot water!

## Defintions:

**Grant** - Any monetary / financial assistance which does not generally have to be repaid.

**Contract** - offer and acceptance. May be a letter or a long legal document. Both are legally binding once signed by both parties.

**Grantor** - the one giving the money

**Grantee** - the one getting the money

**Contractor** - you, in your contract with the grantor

**Subcontractor**- someone you hire to do the work for you

## Before Signing a Contract:

1. **Read the contract ....**make sure the district understands all of the ramifications of any contract ***before you sign.*** Any contract involves a certain amount of risk; don't sign on the dotted line until you feel comfortable.
2. **Understand expectations:** All contracts (and grants) are managed differently. Work products expected, time lines, reporting requirements, and billing information may differ. Ask the grantor up front what their expectations are: A pre-conference contract meeting involving all major players that discuss;
  - the scope of work to make sure that everyone is on the same page.
  - what everyone's roles and responsibilities are,
  - how are payments are supposed to be made,
  - when reporting deadlines are due
  - Any other expectations. (*Ask about the final report in the beginning, it may save your time in the end and provide a better product.*)
3. **Clarify:** Don't be afraid to contact your grantors when you have questions. Most contract administrators would rather hear from you upfront. It saves time and energy for both parties. Contracts are another form of communication involving written and oral communication. (*Good communication is the most important tool in contract/grant management.*)
4. **Get it in writing:** Any deals made, bargains struck, im-

There is no such thing as "pass through money," where you provide a mechanism to get money to a third party. When you sponsor a contract you assume responsibility for the outcome.

portant stipulations should be included in the contract. Be thorough and you won't be disappointed.

## After signing a Contract:

**Contract Management System:** First thing to do is to set up good system to organize your files. This is where you keep all your records, RFP or IFB, proposals received, signed copies of contracts, invoices, payments, grant balances, reports, and communications. (*One test of how good your system is how someone can manage it in the absence of the administrator or how easily a new administrator can pick it up.*)

**Reporting:** All grants require some sort of reporting with each invoice submitted. Depending on the type of grant, periodic reports, annual reports, and/or final reports may be required. This is an extremely important item for documenting what was accomplished and for the success of a grant program. Be honest (but professional) with grantors. Do not hide "problems" or fun from them. If a contractor administrator finds out in the closing phases of a contract that you have not been forthright it goes toward your credibility. Some contractor administrators can even be helpful in working things out. Without adequate reporting, fund providers may eliminate program for lack of documented successes. Be proud of your project and show it with a good report! *Reports are not judged on the number of pages, but rather the content!!*

**Billing:** Be prompt in your payments and reports, it is your responsibility, not the grantors. It goes to your track record as grant/contract administrator and may help you secure more grants in the future. Make sure that what you're submitting for invoices was in the original contract. Simple spreadsheets can be set up to easily track account balances. Your district may charge an administrative fee, with most grants, to allow you to receive percentage of the invoice as fees for administering the grant.

**Subcontracting:** Can you do the work yourself or do you need to hire someone? If you need to hire someone, you will need to enter into another contract Which in this case, you, the district, becomes the contract administrator.

**Procurement Requirements:** State law dictates when you may use limited solicitations or when you must request formal bids or proposals. If your project or purchase is:

- **Less than \$5,000** — you can contract directly with vendor/contractor of your choice.
- **Between \$5000 and \$25,000.** This falls in the **limited solicitation** category, and you must obtain bids for your project. This procedure requires a minimum of three



## Contract Management Cont'd :

written or oral quotes. Also, it is recommended that you use the "limited solicitation" form available for the general Services division website at [www.mt.gov/doa/gsd/procurement/forms.asp](http://www.mt.gov/doa/gsd/procurement/forms.asp)

- **Over \$25,000**, requires you to seek formal competition through **competitive sealed bids** or **competitive sealed proposals**. The bidding process is called Invitation for Bids (IFBS), while the proposal process is called Request for Proposal (RFP). The IFBS and/or RFP should be sent out to an adequate number of bidders to ensure competition.

Set up criteria for choosing winning contractor ahead of time. There is a sub-contract template on the DNRC website and CDB staff can help you with subcontracting questions.

### Q&A:

- **What if three vendors are not available?** This may happen occasionally. If so, then include a short explanation why. You have to justify how you selected your vendors, so use good judgment.
- **What is required for limited solicitation?** Quotes can be oral, written, faxed or emailed. Good documentation is required however.
- **Can I use a limited solicitation process if I want the ability to renew the contract?** Maybe, however, if the total cost, including both the initial contract, plus any possible renewal(s) exceeds \$25,000, you must either use a formal sealed bid or proposal process.
- **Can I inform a prospective bidder or proposer of the details in an IFB or RFP before it is sent out to everyone?** No, it would be unfair to other prospective bidders or proposal submitters to learn something that the other did not.

### Did you know:

- You need to show open and fair competition, it cannot be based on who "you want to do the job".
- You can not share information about a proposed project with prospective bidders before an IFB or RFP goes out. State law requires you to be fair and equitable.
- You can not accept a late bid or proposal, even if it is only one minute late.
- Generally, insurance should be required of contractors doing work for the District in order to transfer the risk of loss from the district to the contractor. (check out the Montana Operations Manual pg. 47 for more info)

### Helpful Suggestions:

- Sending your administrator and a Supervisor to the BSPPA training on grant management
- At least one other person in the office should know your grant management system and contract file.
- The RFP format allows greater flexibility for the procurement official in determining the evaluation criteria used in the award of a contract.

### Helpful Links

- **RFP manual entitled "Initiating and Navigating the Request for Proposal Process:** <http://gsd.mt.gov/procurement/rfpprocess.asp>
- **Montana Operations Manual:** <http://gsd.mt.gov/docs/MOMmanual2003.doc>
- **Montana Procurement law:** [http://data.opi.state.mt.us/bills/mca\\_toc/18\\_4.htm](http://data.opi.state.mt.us/bills/mca_toc/18_4.htm)
- **Procurement Forms:** <http://gsd.mt.gov/procurement/forms.asp>

Bring everyone to the table....

