



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

September 15, 2017

SENT VIA ELECTRONIC MAIL

The Honorable Louis Pate, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 311, Legislative Office Building
Raleigh, NC 27603

The Honorable Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 301N, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2017-57, Section 11A.12.(a) requires the Department of Health and Human Services to submit the proposal prepared pursuant to Section 12A.4 of S.L. 2016-94 by the School of Government at the University of North Carolina at Chapel Hill, in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, for the implementation and administration of a contracting specialist training program for management level personnel within the Department no later than September 1, 2017.

On September 1 2017, the Department advised the Committee that, due to substantial collaborations with the UNC School of Government, the report would be delayed no later than 15 days. Pursuant to that notice, the Department is pleased to submit the attached report.

Please direct all questions concerning this report to Patti Bowers, Director of Procurement, Contracts and Grants, at 919-855-4080 or Patti.Bowers@dhhs.nc.gov.

Sincerely,

Mark T. Benton

for Mandy Cohen, MD, MPH
Secretary

cc:	Rod Davis	Ben Popkin	Theresa Matula	Kolt Ulm
	Joyce Jones	Susan Jacobs	Marjorie Donaldson	Leah Burns
	Pam Kilpatrick	Patti Bowers	LT McCrimmon	Denise Thomas
	reports@ncleg.net	Mark Benton	Susan Perry-Manning	Christen Linke Young

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STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

September 15, 2017

SENT VIA ELECTRONIC MAIL

Mark Trogdon, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603


Dear Director Trogdon:

Session Law 2017-57, Section 11A.12.(a) requires the Department of Health and Human Services to submit the proposal prepared pursuant to Section 12A.4 of S.L. 2016-94 by the School of Government at the University of North Carolina at Chapel Hill, in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, for the implementation and administration of a contracting specialist training program for management level personnel within the Department no later than September 1, 2017.

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Contracting Specialist and Certification Program

Session Law 2017-57, Section 11A.12.(a)



Report to

**The Joint Legislative Oversight Committee on
Health and Human Services**

By

**North Carolina
Department of Health and Human Services**

and

UNC School of Government

September 15, 2017

Reporting Requirement

Section 11A.12.(a) of S.L. 2017-57 requires by September 1, 2017, the Department of Health and Human Services to “submit to the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division the proposal prepared pursuant to Section 12A.4 of S.L. 2016-94 by the School of Government at the University of North Carolina at Chapel Hill (SOG), in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, for the implementation and administration of a contracting specialist training program for management level personnel within the Department. The proposal shall include a detailed description of the proposed program curriculum along with budget estimates for program implementation and administration based on the requirements of the program design.”

Overview

Per Session Law 2016-94, Section 12A.4.(a), the original proposal submitted on August 1, 2016 for the design of a contracting specialist training program for management level personnel within the Department that is based on national standards and the Certified Local Government Purchasing Officer Program administered by the SOG is attached in Appendix A.

This proposal further details the resources, including budget estimates, necessary for program implementation and administration as required in Section 12A.4.(b).

While procurement and contracting training and certification is available from the SOG and the Department of Administration, Division of Purchase and Contract, no formal training exists for North Carolina government contract managers and administrators that addresses the multiple stages of contracting, especially for post-award contract administration:



As presented in the previous report, Contract Management and Contract Administration within DHHS is decentralized, meaning that most pre-solicitation and post-award procurement and contracting activities take place primarily at the division level as opposed to through a centralized office. The DHHS Office of Procurement, Contracts and Grants (OPCG) provides oversight during the solicitation, evaluation and award phase for the department’s procurement and contracting activities. Within DHHS’ 30 divisions, two categories of personnel are primarily responsible for procurement and contract management functions: contract managers and contract administrators. **Contract Managers** ensure legal procurement requirements are followed and facilitate division procurement requests with the DHHS Procurement Office and the Department of Administration Division of Purchasing and Contract. **Contract Administrators** manage the contract once it has been awarded and act as the point of contact with vendors and contractors. On the procurement continuum, Contract Managers are involved with the contract at the pre-award phase, and Contract Administrators are involved with the contract at the post-award phase.

DHHS, on average, has responsibility for **1,862** active or current contracts. The resources required for the pre-award phase or acquisition planning, award phase or source selection, and post-award phase or contract administration include **6** Department Contract Administrators, **768** Division Contract Administrators, **91** Division Contract Managers and an additional **418** individuals assigned contract administration duties. OPCG has a total of **7** positions that support and provide oversight of the contracting process for services. An additional **4** positions handle the purchase of goods. At a minimum, **1,294** individuals would require some degree of contracting specialist training.

Competencies and Skills

The competencies and technical skills necessary in each of these roles is reflected in the Contract Leadership Competency Model developed by Dr. John Wilkinson. In 2010, Dr. Wilkinson created the Contract Leadership Competency Model. This model was designed to show how the hard skills of Contract Management must be balanced with the mix of the soft skills of Leadership to achieve superior results. The Model also shows that while there is a process involved with Contract Management (Acquisition Planning, Source Selection, and Contract Administration), the competencies of Leadership (Character and Competence) must be applied throughout the process to earn the reputation as a Trusted Business Advisor and Complex Problem Solver.¹

The technical skills necessary for each phase of the contracting cycle include:

- Acquisition Planning
 - Contract Law
 - Contracting Methods
 - Contract Types
 - Competition
 - Market Research
- Source Selection
 - Offer
 - Negotiation
 - Acceptance
 - Consideration
 - Protests
- Contract Administration
 - Contract Performance
 - Modifications
 - Disputes
 - Termination
 - Closeout

The leadership skills necessary across all phases of the contracting cycle include:

¹ Wilkinson, John. Contract Leadership Competency Model. <http://www.thinc-llc.biz/contact-leadership-competency-model.php>

- Competence
 - Communication
 - Action Oriented
 - Collaboration
 - Creativity
 - Knowledge Capture
- Character
 - Integrity
 - Vision
 - Courage
 - Compassion
 - Optimism

Current Training Options, National Standards, the Certified Local Government Purchasing Officer Program and Other State Training Programs

Appendix B describes the current training opportunities available to NC procurement and contracting professionals. Most of the training provided is directed toward individuals involved in the award or source selection phase. Other than commercially available training in all three phases of the contracting cycle, no other source exists that meets the intent of the Contracting Specialist Training Program envisioned in S.L. 2016-94.

Appendix C provides the costs associated with the current training available. It would be cost prohibitive for **1,294** individuals involved in the contracting process to participate in anything but the free training currently available from the Department of Administration, Division of Purchase and Contract. The Contract Administration and Monitoring class, while valuable, focuses on post-award contract administration, without the benefit of the pre-award and award phases which are critical and often determine the success of a contract through implementation of a program or service.

There are many formal Contract Management training programs available, however the **National Contract Management Association (NCMA)** is a professional organization for contract management professionals in the public and private sectors.

NCMA recently published *The Contract Management Standard™*, Appendix D, to describe the nature of contract management in terms of the contract management processes created through the integration and interaction of job tasks and competencies, and the purposes they serve. The common and repeated use of this standard will improve productivity, increase efficiency, and reduce costs. *The Contract Management Standard* is a doctrinal publication serves as the foundation of the *Contract Management Body of Knowledge®*, Fifth Edition.²

The intent of the *Contract Management Standard™* is to:

1. Define and standardize the term of “contract management.”

² Contract Management Body of Knowledge (CMBOK), 5th ed., National Contract Management Association (2017)

2. Present and define the processes involved in all phases of the contract lifecycle (pre-award, award, and post-award).
3. Develop and fortify contract management practices, policies, and processes.
4. Inspire critical thinking and learning to bring efficiency to the contract management profession.
5. Be a living document, with a formal change process.³

The framework for DHHS' Contracting Specialist Program should be based on the principles of a nationally recognized professional organization such as NCMA.

The **Carolinas Association of Governmental Purchasing** offers a voluntary certification program (CLGPO) for government purchasing officers. Its purposes are to:

- Provide a greater service to taxpayers through more efficient purchasing.
- Recognize achievement of an established level of competency and proficiency among purchasing officials.
- Provide continuing professional development of purchasing officials and enhance their professional image.

The Certified Local Government Purchasing Officer (CLGPO) certification is administered by the **UNC School of Government** with an examination offered every year in February or March on the day before the annual Local Government Purchasing School (CAGP Spring Conference).

Requirements and applications for CLGPO certification, recertification, and lifetime certification can be found at the [UNC School of Government](#).⁴ While the CLGPO program is open to state government procurement officials, the program historically has served and been utilized by local governments. Thus, the courses offered at the UNC SOG required for CLGPO certification focus on the laws governing local government procurement and do not address the laws, administrative regulations, and procedures specific to state agencies. For the same reasons, the CLGPO examination tests applicants' knowledge on the laws applicable to local government procurement.

A similar program could be developed for the DHHS Contracting Specialist Training Program; however, if such a program were to be administered by the UNC SOG, it would need resources to develop the curriculum and hire trainers to provide training and administer the program, including developing and administering a certification examination. It is estimated that the program would consist of three two-day classes addressing the pre-award, award and post-award phases of the contract lifecycle, an examination review session and a certification examination. Costs associated with the classes would be in line with those outlined in Appendix C and average approximately \$950 per person. Additional costs for curriculum development, training personnel, and examination administration are detailed under Option 2 on page 6 of this report.

The **Washington State Department of Enterprise Services (DES)** requires training for all employees who manage, monitor, or serve, as subject matter experts on contracts will teach the approach to manage

³ Contract Management Standard™, Final Edition, Version 1.0, National Contract Management Association (2017)

⁴ Carolinas Association of Governmental Purchasers (CAPG). CLGPO Certification.
<https://www.cagponline.org/chapters/nigp-cagp/certifications.cfm>

contractors, ensure compliance to the statement of work, and ensure contractor performance. This on-line course is provided in four modules at no cost:

- Module 1 (1 hour)
 - Contract Management Overview
 - Define Contract Management
 - The Basics of a Contract
 - Purchasing Approaches, Pricing Models and Risk
 - Contracting Tools to Guide You
- Module 2 (36 minutes)
 - Contract Management Phases and Functions
 - Three Phases of Contract Management
 - The importance of pre-award planning
 - Award Activities: Contract execution and why it matters
 - Post-Award activities
- Module 3 (34 minutes)
 - Essentials of Contract Management
 - The Contract is signed, now what
 - Essential elements of contract monitoring
 - How to implement contract management
- Module 4 (35 minutes)
 - Contract Changes, Disputes, Appeals
 - When things don't go as planned
 - When the agency and contractor disagree
 - Best practices and lessons learned

The (DES) oversees the Washington State Training and Certification Program for the procurement of goods and services. As people join state agencies or transfer to new jobs within the state, they need the training appropriate to their new jobs. There is a 90-day window to take the training. No agency employee may execute or manage a contract unless they have met the new training requirements.⁵

An online approach may be feasible for the DHHS Contracting Specialist Training Program; however, it would be extremely difficult to monitor the outcome and effectiveness of the training. Given the complexity of many DHHS contracts, instructor-led training would provide the following benefits, which would ultimately impact the successful execution of contracts:

- Learning from experts.
- Opportunities for instructor-learner and learner-learner interactions.
- Peer learning and network-building.
- The ability to ask questions and receive immediate feedback.
- Adaptability—the ability of instructors to tailor courses to learners' needs, even on the fly.
- Focus and attention—learning is not constantly interrupted by ringing phones, emails, etc.

⁵ Washington State Department of Enterprise Services. Procurement Training and Development.
<http://des.wa.gov/about/projects-initiatives/procurement-reform/procurement-training-and-development>

The **Florida Certified Contract Manager Program** is managed by the **Department of Management Services** and requires, in accordance with Florida Statutes, "Each contract manager who is responsible for contracts in excess of \$100,000 annually must complete training in contract management and become a certified contract manager." Certification requires successful completion of eight online training modules, a two-day instructor-led training, and a final assessment, with a minimum score of 80%.⁶

These examples are provided to demonstrate the variety of options available for implementing a DHHS Contracting Specialist Training Program that meets the intent of S.L. 2016-94.

DHHS Contracting Specialist Training Program Implementation Options

Option 1

DHHS has many diverse and complex contracts managed and administered by a variety of individuals with varying degrees of contracting experience. To implement a successful Contracting Specialist Training Program, both programmatic and contracting subject matter expertise is essential. To that end, Option 1 is to contract with a third party with NCMA and Contract Management Standard™ experience to design the curriculum. DHHS would hire two FTEs to provide instructor-led training to DHHS employees.

Budget requirements for implementing this option include:

Curriculum Design by Third Party Contractor	\$100,000 (Not to exceed/non-recurring)
2 FTEs to deliver training on an ongoing basis	\$165,395 (recurring salary, benefits, etc.)
Total	\$265,395

The training for this option would be structured in terms of the Contract Management Standard™ competencies (see page 3 of the attachment). This would mean four, 4-6 hour sessions delivered Monday – Thursday or Tuesday – Friday on an ongoing basis. The four sessions would include Guiding Principles, Pre-Award, Award, and Post-Award.

Option 2

This option would include partnering with UNC SOG to develop the curriculum based on the Contract Management Standard, and UNC SOG would deliver the training and administer the certification examination in the same manner they do for the CLGPO certification. Requirements to implement this option would include additional resources at UNC SOG as well as costs for delivering the training.

Budget requirements for implementing this option include:

Curriculum Design by UNC SOG	TBD
2 EPA non-faculty FTEs to deliver training on an ongoing basis	\$ 170,000 (recurring salary, benefits, etc.)
Costs for three two-day classes <ul style="list-style-type: none">• Pre-Award Phase• Award Phase	\$950 per person

⁶ Florida Department of Management Services. Florida Certified Contract Manager.
http://www.dms.myflorida.com/business_operations/state_purchasing/public_procurement_professional_development/florida_certified_contract_manager

• Post-Award Phase	
One-day Examination Review Session	\$100 per person
Certification Examination	\$75 per person

Option 3

DOA P&C has developed a robust Procurement Training Program in recent years. The program includes a one-day NC Contract Administration and Monitoring course that covers post-award subjects. This option would include partnering with DOA P&C to develop curriculum to add pre-award and award phase training.

Budget requirements for implementing this option include:

Curriculum Design by Third Party Contractor	\$100,000 (Not to exceed/non-recurring)
2 FTEs to deliver training on an ongoing basis	\$165,395 (recurring salary, benefits, etc.)
Total	\$248,092

Of the options outlined above, the most cost effective is **Option 1**. This option would be the most efficient method for delivering training to the large and diverse number of DHHS employees engaged in the various phases of contracting. In addition, it would afford the trainers as well as trainees the opportunity to engage with subject matter experts across the department in a setting unique to DHHS. Another benefit of this option would be the on-going availability of in-house subject-matter experts to advise DHHS contracting personnel on an as-needed basis. While a training program provides attendees with basic knowledge and skills, no curriculum can anticipate or address all potential questions and challenges faced by contracting personnel in any organization, especially one with the diversity and complexity of contracting operations as DHHS. The availability of in-house subject-matter experts to provide on-going advice and consultation will greatly enhance the ability of DHHS contracting personnel to effectively employ their training and perform their contract management and administration functions.

Options 2 and 3 would take longer to implement, cost more, limit the opportunity to customize the curriculum to meet DHHS' unique needs for training, and not provide the availability of on-going advice and consultation from in-house subject-matter experts.

We welcome any feedback that you, the members of your committee, or your committee staff wish to offer.

APPENDIX A

Contracting Specialist Training Program

Session Law 2016-94, Section 12A.4.(a)



Report to
The Joint Legislative Oversight Committee on
Health and Human Services

By
North Carolina
Department of Health and Human Services
and

UNC School of Government

August 1, 2016

Reporting Requirement

Section 12A.4.(a) of the 2016 Appropriations Act (S.L. 2016-94) requires the UNC School of Government and the Department of Health and Human Services to “prepare a proposal for the design of a contracting specialist training program for management level personnel within the Department that is based on both national standards and the Certified Local Government Purchasing Officer Program administered by the SOG,” and to report to the Joint Legislative Oversight Committee on Health and Human Services by August 1, 2016.

Overview

The Department of Health and Human Services (DHHS) procures a wide variety of goods and services which, for purposes of this report, fall into four basic categories: (1) Information Technology (2) Equipment, Supplies (3) Services, and (4) Grant Contracts. Information technology procurement is governed by statutory requirements separate and apart from other departmental procurement which, by law, involves interaction with, oversight and approval by and, ultimately, transition to the Department of Information Technology.⁷ For these reasons, this report focuses on training for DHHS personnel who manage contracts other than those

for information technology.

Methodology

In developing a proposal for the design of a contracting specialist training program for DHHS personnel responsible for contract management, two important categories of information must be identified before the curriculum of a training program can be developed and implementation strategies outlined.

First, the roles and responsibilities of these personnel must be defined. Second, the professional competencies needed to effectively perform these roles and responsibilities must be identified. Thereafter, curriculum for a training program and program implementation options can be developed. This report focused on defining the roles and responsibilities of DHHS contract management personnel and the competencies they need. Sec. 12A.4(b). of 2016-94 requires the School of Government and DHHS to prepare a proposal for implementation and administration of the training program. This report will be submitted to the House and Senate Appropriations Committees on Health and Human Services and Fiscal Research Division for consideration during the 2017 Regular Session.

⁷ G.S. Chapter 143B, Article 15.j

Roles and Responsibilities – DHHS Contract Managers and Administrators

Contract Management and Administration within DHHS is decentralized, meaning that most pre-award and post-award procurement and contracting activities take place primarily at the division level as opposed to through a centralized office. DHHS is divided into 30 divisions and oversees 14 State Operated Healthcare Facilities (developmental centers, neuro-medical treatment centers, psychiatric hospitals, alcohol and drug abuse treatment centers, and two residential programs for children). Because of the diverse and complex array of programs and services delivered by DHHS, its procurement and contracting ranges from highly sophisticated Medicaid service contracts, medical equipment and pharmaceuticals to routine office equipment and supplies.

The DHHS Office of Procurement and Contract Services (DHHS Procurement Office) provides oversight during the solicitation, evaluation and award phase for the department's procurement and contracting activities, and develops policies and procedures for departmental procurement, including general contracting requirements, contract administration and monitoring, specific solicitations under the Request for Applications (RFAs), Request for Information (RFIs), and Request for Proposals (RFPs) methods, and personal service contracts.⁸ The DHHS Procurement Office also approves a number of categories of departmental contracts, including those that propose modifications to the DHHS general terms and conditions; sole source contracts; operations and program-related contracts of \$200,000 or more; contracts with other state agencies and local governments; contracts with institutions of higher education; RFP contracts of \$10,000 or more, and all consulting contracts.⁹

Within DHHS' 30 divisions, two categories of personnel are primarily responsible for procurement and contract management functions: contract managers and contract administrators. **Contract managers** ensure legal procurement requirements are followed and facilitate division procurement requests with the DHHS Procurement Office and the Department of Administration Division of Purchasing and Contract. **Contract administrators** manage the contract once it has been awarded and act as the point of contact with vendors and contractors. On the procurement continuum, contract managers are involved with the contract at the pre-award phase, and contract administrators are involved with the contract at the post-award phase.

⁸ These policies and procedures can be obtained at <https://www2.ncdhhs.gov/info/olm/manuals/dhs/pol-70/man/>.

⁹ DHHS Policies and Procedures Section VII: Procurement and Contract Services; Chapter 2, Contract Administration, Page 6 (2008).



Professional Competencies

Contract managers (those involved in the pre-award phase) must be proficient in a variety of knowledge, skills and competencies, including:

- competitive bidding requirements (which in many instances requires compliance with both state law and federal regulations)
- departmental policies and procedures for contract approval
- departmental terms and conditions requirements
- contract negotiation
- standards of conduct (including conflicts of interest)

Contract administrators (those involved in the post-award phase) must be proficient in a variety of knowledge, skills and competencies, including:

- applicable state and federal laws and departmental policies
- contract management principles and techniques
- project management
- performance evaluation and quality assurance
- subcontract and supplier management
- monitoring of compliance with terms and conditions
- contract interpretation, modification, and dispute resolution
- close-out and termination
- standards of conduct (including conflicts of interest)

The range and extent of contract administration activities will vary depending on the type of contract, complexity, and cost. A contract administrator may need assistance from other personnel with technical expertise in a specific subject matter to fully manage the contract through its duration.

Because the focus of the Joint Legislative Oversight Committee on Health and Human Services has been on the post-award phase of departmental contracting, our efforts moving forward will be targeted toward those personnel who perform this function – contract administrators.

Potential Training Requirements

Although we have not advanced to the second part of this endeavor (that required by Sec. 12A.4.(b)), we believe it helpful to outline the certification program developed by the National Contract Management Association (NCMA) to give a framework for future discussions.

The NCMA, founded in 1959, is a professional organization for contract management professionals in the public and private sectors. NCMA offers five certification programs, including one applicable to state government contract managers – the Certified Professional Contracts Manager (CPCM). CPCM certification requires an undergraduate degree, 120 Continuing Professional Education (CPE) hours, at least five years' experience in the contract management (or related) field, and passage of the CPCM certification examination.

The competencies identified by NCMA for post-award contract managers are:¹⁰

- A. Contract Management
 - a. Using effective communications
 - b. Attending a post-award kick-off meeting
 - c. Conducting periodic status review meetings
 - d. Preparing written status reports
 - e. Observing and monitoring performance
 - f. Documenting performance
- B. Quality Assurance
 - a. Quality assurance tools
 - b. Acceptance testing
 - c. Contract manager's role in quality assurance
- C. Subcontract Management
- D. Contract Changes and Modifications
 - a. Bilateral and unilateral changes
 - b. Uniform Commercial Code (UCC) contract modifications
 - c. Federal Acquisition Regulation (FAR) contract modifications
- E. Transportation
- F. Contract Interpretation and Disputes
 - a. Contract interpretation
 - b. Alternative dispute resolution
- G. Contract Closeout
- H. Contract Termination and Excusable Delay
 - a. Termination for Default
 - b. Excusable Delay/*Force Majeure*
 - c. Contract cancellation

Some of the topics listed above may not be directly applicable to DHHS contract managers. Phase two of this endeavor will involve developing the curriculum – training topics, content, and hours

¹⁰ Contract Management Body of Knowledge (CMBOK), 4th ed., National Contract Management Association (2013).

of classroom instruction – that is best tailored to the competencies for this specific group of personnel. Nonetheless, the NCMA outline of competencies does provide a list of the general categories of topics likely to be included (where applicable) in a DHHS contract administrator training curriculum

Other sources of training curriculum specific to contract management include those offered by the National Institute of Governmental Procurement (NIGP), International Association for Contract and Commercial Management, and even undergraduate and graduate online degrees in contract management. In addition, the N.C. Division of Purchasing and Contract has developed training classes in contract management. Finally, the UNC School of Government offers local government procurement courses that include sessions on contract management.

Conclusion

We will initiate the second phase of this endeavor after submission of this report. We welcome any feedback that you, the members of your committee, or your committee staff wish to offer.

Appendix B – Training Opportunities Currently Available

The University of North Carolina School of Government (SOG) offers the following Local Government Purchasing and Contracting Courses:

- **Basic Principles of Local Government Purchasing**

This 4-day course is designed for new local government purchasing officials and covers basic principles and legal requirements for local government purchasing. This course is offered annually for \$525

Topics include the following:

- Competitive bidding requirements for purchasing and construction contracting
- Purchasing ethics and conflicts of interest
- Practical skills such as vendor relations, developing specifications, and bid solicitations
- Purchasing policies and electronic bidding
- Decision analysis, motivational strategies, and effective communication
- Local government law overview, including open meetings and public records laws
- Budgeting and fiscal control
- Surplus property disposal
- Tips for success from experienced local government purchasing professionals

- **Contracting for Construction and Design Services**

This 2 ½ day course addresses topics of interest to those involved in construction contracts or in the procurement of the services of engineers and architects. Topics include bidding procedures; construction methods; minority participation and reporting requirements; legal aspects of construction contracts; contract administration; and selection of design services. A panel will address recommended practices in construction, including Joint AIA/AGC Committee recommendations. This course is offered annually for \$400.

- **Intermediate Purchasing Seminar**

This three-day seminar will sharpen participants' purchasing skills and deepen their understanding of the legal and practical aspects of public purchasing.

This course is intended for officials with two or more years of experience in local governmental purchasing, and will cover bidding and property disposal, capital leasing, performance management and benchmarking, insurance and risk management, electronic bidding and contract management, effective communications, ethics and conflicts of interest, and practical skills training, including handling difficult bids. This course is offered annually for \$425.

- **Introduction to Local Government Finance**

This 4-day introductory course provides basic instruction in local government and public authority finance and financial management. Areas of instruction include the basic legal authority and requirements governing local government revenues, budgeting processes, cash management,

purchasing and contracting, expenditure control, conflicts of interest, fund accounting and financial reporting. The course also provides an overview of the state and local economic issues that inform strategic budgeting decisions. This course is offered annually for \$575.

Certified Local Government Purchasing Officer Program

The Carolinas Association of Governmental Purchasing offers a voluntary certification program (CLGPO) for government purchasing officers. Its purposes are to:

- Provide a greater service to taxpayers through more efficient purchasing.
- Recognize achievement of an established level of competency and proficiency among purchasing officials.
- Provide continuing professional development of purchasing officials and enhance their professional image.

To be eligible for certification, an applicant must have at least 3 years' experience as a governmental purchasing professional, be a member of CAGP, complete 4 core courses offered by the School of Government, earn 22 points through activities such as training, conference attendance, service to CAGP, and higher education, and pass a certification examination administered by the School of Government. Once certified, purchasers are eligible for recertification every 5 years, and may also seek lifetime certification.

The Certified Local Government Purchasing Officer (CLGPO) certification is administered by the UNC School of Government with an examination offered every year in February or March on the day before the annual Local Government Purchasing School (CAGP Spring Conference).

Requirements and applications for certification, recertification, and lifetime certification can be found at the [UNC School of Government](#).

The NC Department of Administration (DOA), Division of Purchase & Contract (P&C) offers valuable in-person and online training opportunities to employees of state agencies, community colleges, universities, and Vendors interested in doing business with the state of North Carolina.

The following courses are offered by the DOA P&C at no cost:

- **NC Contract Administration & Monitoring**

This instructor-led course includes the following topics: contract administration principles, terminology, roles and responsibilities of contract administrators, problem-solving, and best practices for individuals responsible for managing, administering, or managing contracts. This 1-day course is offered monthly.

Recommended Prerequisites relevant to employees involved in contract administration and monitoring:

- **NC Procurement**

This instructor-led course provides a comprehensive overview of the procurement process for purchasing goods and services not related to information technology. The content of this course

includes the following topics: basic principles of procurement, common terminology, governing regulations, delegation of authority, ethics, acquisition methods, procurement planning, developing specifications and scope of work, developing solicitations, solicitation documentation, competitive bidding, evaluation, terms and conditions, negotiation, resolution of protests and disputes, and best practices. This 3-day course is offered monthly.

- **Specification Writing**

This instructor-led course explains the purpose of specification writing to obtain a commodity or service that will satisfy a particular need at an economical cost. In this course, participants will discuss how writing a specification relates to the sections of the Invitation for Bid (IFB), identify key components of a specification that makes it nonrestrictive and promotes competition, explore each type of specification, and determine when each type of specification is used for a particular need. This 1-day course is offered monthly.

- **Solicitation Documents & the Law: Explaining Legal Terms and Conditions in IFBs and RFPs**

This instructor-led course includes a review of the legal significance of the organization and content of the state's Invitation for Bids (IFB) and Request for Proposals (RFP) templates. This course will focus on explaining why the sometimes obscure and puzzling provisions in the solicitation document are important for creating an effective and enforceable contract. This 1-day course is offered quarterly.

- **Request for Proposal (RFP) Development & Evaluation**

This instructor-led course is an in-depth study of Request for Proposals (RFP). This course is designed to help with planning an RFP, using standard solicitation documents, managing the RFP process and evaluating offers for purchases not related to information technology. This 2-day course is offered monthly.

- **Determining Cost**

This instructor-led course explains the basic elements of total cost of ownership (TCO) financial analysis for public procurement. This course is designed for the procurement professional who is faced with supporting acquisition decisions for various goods and services. Through case-based scenarios, discover all of the obvious costs and all of the hidden costs of ownership across the full lifecycle of the acquisition. This 6.5-hour course is offered quarterly.

National Institute of Governmental Purchasers (NIGP) courses offered through DOA P&C at a reduced cost:

- **Contract Administration in the Public Sector**

This class provides a framework for examining contract administration by focusing on essential elements of the discipline. The intent is for participants to develop a strong understanding of the complexities of contract administration and recognize the importance of planning, monitoring, and providing proactive insight and oversight of contract performance. Practical examples,

discussion, group exercises and case studies will be used throughout the course. This 3-day course is offered occasionally at a cost of \$700 per student.

For further information regarding DOA P&C training please visit: http://ncdoa.s3.amazonaws.com/s3fs-public/pandc/OnlineTrainingMaterials/2017_course_catalog_final.pdf.

The Department of Information Technology, IT Strategic Sourcing Office offers the following IT Procurement Training classes quarterly:

- **IT Procurement Rules Review**

This 7-hour class provides a review of Title 9, Chapter 6, of the North Carolina Administrative Code, the rules that govern purchase of information technology goods and services. The rules, which were amended effective September 1, 2013, are mandatory for use by Executive state agencies and recommended for use by other government entities when procuring IT goods and services. This class is designed for new purchasing staff, but will also serve as a refresher for seasoned purchasers.

- **Introduction to IT Procurement**

This 6-hour class provides an overview of information technology purchasing under the procurement rules. Topics include how to develop, write and review Invitations for Bids, conduct pre-bid conferences and bid openings, and evaluate bids. This class is designed for new purchasing officers.

- **The RFP Process**

This 7-hour class provides information about writing, reviewing, and evaluating Request for Proposals and managing contracts. We will also discuss how to plan evaluation and scoring methodologies for the RFP. This class is designed for anyone involved in writing, reviewing, or evaluating RFPs or managing IT contracts.

In addition to IT Procurement Training the NC Department of Information Technology Enterprise Project Management Office offers a certification prep class to aid state project managers in their preparation for the Project Management Institute's (PMI) global standard Project Management Professional certification.

Classes are held in the spring (April/May) and fall (October/November) and are FREE for State employees (a typical PMP prep boot camp can cost more than \$3,000).

Twelve (12) classes cover the following areas:

- 10 Project Management Knowledge Areas
- Professional Responsibility
- Final Exam Comprehensive Review

This comprehensive program requires a significant commitment of time and energy for students to succeed. Our pass rate (90%+) is in line with industry-leading vendors who provide PMP prep services.

Aside from the highly valued benefit of achieving certification, many of our students have developed key networking opportunities within the program that have yielded professional benefits beyond the classroom.

NIGP offers the following contracting courses for learning how to identify and define terms, concepts and principles of the contract administration process to ensure proper mechanisms are in place to enhance performance. Contract Administration in the Public Sector, Introduction to Public Procurement, Legal Aspects of Public Procurement and Strategic Procurement Planning in the Public Sector are the contracting courses that align with the Contract Administration Domain for the Universal Public Procurement Certification Council (UPPCC) Body of Knowledge (BOK). The UPPCC is an independent entity formed to govern and administer the Certified Public Procurement Officer (CPPO) and Certified Professional Public Buyer (CPPB) certification programs. Contract Administration is one of six domains for which NIGP provides coursework that are acceptable for obtaining public procurement certification. The others are Procurement Administration, Sourcing, Negotiation, Supply Management and Strategic Procurement Planning.

- **Contract Administration in the Public Sector**

This class provides a framework for examining contract administration by focusing on essential elements of the discipline. The intent is for the student to develop a strong understanding of the complexities of contract administration and recognize the importance of planning, monitoring, and proactive insight into and oversight of contract performance. Practical examples, discussion, group exercises and case studies will be used throughout the course. This 3-day course is offered periodically at locations across the country at a cost of \$915 per student. A 9-week online course is also offered at a cost of \$945.

Upon successful completion of this course participants will be able to:

- Identify and define terms, concepts and principles of the contract administration process
- Identify contract risk and plan appropriate mitigation
- Develop the CAP and PAP for a given case study
- Recommend an appropriate remedy when given a contractual problem or issue
- Apply a process to handle a performance problem
- Describe and apply dispute resolution methods
- Closeout a contract including conducting a contract analysis
- Describe how contract administration can be continually improved to enhance contract performance in accordance with the commonly accepted practices of the profession

- **Introduction to Public Procurement**

The work of public procurement is no longer a clerical function performed independently by various people throughout different agencies or departments within a government entity. This

class provides an overview of the ever-changing profession by identifying fundamental concepts that affect procurement in the public sector. Practical examples, discussion, group exercises and case studies will be used throughout the course. This 3-day course is offered periodically at locations across the country at a cost of \$915 per student.

Upon successful completion of this course participants will be able to:

- Describe the roles, organization and functions of public procurement
- Explain the steps in the procurement cycle and the stakeholder relationships inherent in each step
- Demonstrate how public procurement adds value to the delivery of public services
- Describe the cultural, social, political, economic and legal environments that impact public procurement
- Demonstrate the importance of ethics and professionalism in public procurement

- **Legal Aspects of Public Procurement**

Designed to be an educational exploration of the legal elements of public procurement, this course will provide a foundation of the principles and general concepts of the law as it applies to public procurement. Course content will address issues such as the Uniform Commercial Code (U.C.C.), the Model Procurement Code, Sale of Goods Act and the legal implications surrounding solicitations, contracting, and post-award issues. Attention will be given to the ethical issues facing the profession relevant to the law. This course will focus on actual procurement situations with relevant procurement implications using practical examples, discussion, group exercises, and case studies throughout the course. This 3-day course is offered periodically at locations across the country at a cost of \$915. An 8-week online course is offered at a cost of \$945.

Upon successful completion of this course participants will be able to:

- Identify and define public purchasing legal terms, concepts and principles.
- Apply basic legal concepts and principles to practical public procurement situations
- Describe how the three categories of law — the common law of contracts, statutory law and administrative law — apply to public purchasing.
- Describe how the laws establish the rights and obligations of all parties.
- Distinguish between ethical and legal requirements and apply the appropriate actions and conduct.
- Describe the role of the public professional in the application of procurement and contract law in accordance with the commonly accepted practices of the profession.

- **Strategic Procurement Planning in the Public Sector**

The direction of public sector organizations has generated increased demand for strategic procurement planning and participation by procurement professionals in the actual implementation of many projects—particularly out-sourcing, privatization, and public-private

partnerships. This course provides practical tools and approaches that can be used by the procurement practitioner to contribute to an organization's strategic mission. These include the development of strategic plans, the strategic role of procurement in the budget process, pricing strategies and value-adding analysis techniques, the tools and analytics of strategic sourcing, client satisfaction strategies, and talent management. Practical examples, discussion, group exercises, and case studies will be used throughout the course. This 3-day course is offered periodically at locations across the country at a cost of \$890. An 8-week online course is offered at a cost of \$945.

Upon successful completion of this course participants will be able to:

- Describe the value-added role of procurement in the organizational strategic planning process.
- Develop a strategic procurement plan for an organization.
- Describe the various budget processes and the ways that the procurement function can add value to each process.
- Describe the steps in the strategic sourcing process.

- Evaluate, select, and apply the tools and processes available for a comprehensive procurement plan.
- Use analysis tools to identify opportunities for strategic sourcing.
- Use tools to manage client expectations and engagements to create positive outcomes.
- Use activity analysis and tracking tools to determine the staffing required to support organizational success

Additional courses available from NIGP include:

- **Contracting for Public Sector Services**

Faced with the challenge of identifying best value, can the public procurement professional successfully engage partners to achieve efficiency, effectiveness, and the social goals of the community? Call it privatization, outsourcing, competitive tendering, or alternative service delivery, contracting for public sector services dominates contract spending at all levels of government in countries around the world. This course examines the process beginning from the decision whether to "make or buy" through the special considerations of the services RFP, the contract award, and contract administration. Practical examples, discussion, group exercises, and cases studies will be used throughout the course. A 6-week online course is offered at a cost of \$720.

Upon successful completion of this course participants will be able to:

- Identify advantages and disadvantages of contracting for services.
- Conduct a make-or-buy decision based on a scenario or case study.
- Determine variables that impact public/private competition.

- Develop performance measures for a Scope of Work (SOW).
- Develop proposal evaluation criteria.
- Analyze options available to an agency in a protest.
- Create a transition plan.

- **Developing and Managing Requests for Proposals**

This course is uniquely designed to prepare procurement professionals to use the Request for Proposals (RFP) process to its maximum potential. The class agenda will identify the process, offer a key understanding of the elements of the proposal, and ascertain ways in which the document can be used to its full capability. Pitfalls and success stories will make the class relevant and applicable when planning to incorporate this type of solicitation into the government process. Practical examples, discussion, group exercises, and case studies will be used throughout the course. This 3-day course is offered periodically at locations across the country at a cost of \$915 per student. An 8-week online course is offered at a cost of \$945.

Upon successful completion of this course participants will be able to:

- Select the best solicitation process for a given procurement
- Describe the RFP planning and development process
- Describe the Evaluation Team roles and responsibilities
- Identify and describe the different types of evaluation methodologies and their associated application
- Describe proposal handling processes
- Prepare to conduct a negotiation
- Describe how to customize terms and conditions in a contract to meet the needs of the procurement
- Identify and describe how to manage post award issues in accordance with the commonly accepted practices of the profession.

- **Effective Contract Writing**

Many purchasing professionals are required to organize, write and interpret contracts. This session is designed to cover the structure and meaning of enforceable contracts. Contracts have a logical sequence and specific contract provisions. By learning the basics and rules for improvement, the principles become manageable. The seminar will offer tips and tricks on the language that can be used when writing contracts for any entity. This 2-day course is offered periodically at locations across the country at a cost of \$915 per student.

Upon successful completion of this course participants will be able to:

- Define what a contract is
- List the format of a Contract

- Discuss Specific Contract Provisions

- **How to Buy Performance Results**

An agreement should be more than the purchase of goods and services — it should ensure that the best results are achieved by the end user. Performance results can be embedded into a contract that articulates the desired outcomes and produces improved results. This course aims to explain the difference between the purchasing of goods and services versus the purchasing of performance results and how this crucial difference can be used to develop tools and techniques to improve contracts and supplier performance. This 1-day course is offered periodically at locations across the country at a cost of \$915 per student.

Upon successful completion of this course participants will be able to:

- Develop an appropriate mission statement for a purchase
- Develop and structure a statement of work designed for performance results.
- Develop a contract written for performance results.
- Develop results-based metrics for a contract.

- **Risk Management in Public Sector Contracts**

Risk is a critical consideration in the contracting and procurement process. A thoughtful and proactive approach toward risk, as it relates to specific procurement actions, contributes to the success of contract performance. Risk is directly related to the successful achievement of targeted goals and objectives. The emphasis of this course is on developing a solid understanding of the complexities of risk management. The course content recognizes the importance of planning, monitoring, and proactive insight and oversight into risk areas related to the contract's stated performance outputs and outcomes. Practical examples, discussion, group exercises, and case studies will be used throughout the course. This 2-day course is offered periodically at locations across the country at a cost of \$710 per student. A 6-week online course is offered at a cost of \$584.

Upon successful completion of this course participants will be able to:

- Identify the components of the risk management process.
- Describe each phase of the four-phase process model for managing risk.
- Assess types and levels of risk associated with a procurement project.
- Identify risk management tools and associate these tools with different types of risk.
- Utilize a risk management plan to identify, assess, and handle procurement-related risks.
- Integrate risk management practices into contract administration.

- **Sourcing in the Public Sector**

This course provides the participant with a comprehensive overview of the sourcing process within the public sector. Essential elements, including pre-sourcing planning, needs assessment, specifications, scope of work, deliverables, procurement strategies, value analysis, and internal control processes, are explored. Determining the appropriate sourcing method, preparing the relevant sourcing invitation document, managing the acquisition process, evaluation of response submissions, and contract awards will also be covered. In addition, the course will examine trends, technology developments, and the effects of both on the processes. Practical examples, discussion, group exercises and case studies will be used throughout the course. This 3-day course is offered periodically at locations across the country at a cost of \$890. A

Upon successful completion of this course participants will be able to:

- Describe the stages in the solicitation process (from cradle to grave)
- Define various methods of competitive and non-competitive procurement including risk and benefits of each.
- Identify when prequalification is appropriate and the methods of prequalifying suppliers and products.
- Prepare and issue procurement documents including types of specifications, terms and conditions and bid/proposal forms.

- Describe the process of receiving, opening and analyzing bids, methods for award and award strategies.
- Identify and select responsive and responsible suppliers.
- Identify trends and technologies and their impact on sourcing in the public sector.

For further information regarding NIGP training and certification, please visit: <http://www.nigp.org/grow-professionally>.

The National Contract Management Association (NCMA) offers a variety of virtual and in-person educational events and certifications. E-Courses are available on a variety of topics including:

- Ethics
- Negotiations
- Contract Administration
- Contract Modifications and Options
- Contract Types
- Performance Based Contracting

These are one (1) hour courses and are \$70 each and Webinars on a variety of topics are \$189.

NCMA [Education Partners](#) offer certificate programs that range in coursework and cost. For example, one partner offers a 3-course package costs \$5995, while another a Procurement and Contract Management Certificate for \$15,000.

The application fee for the Certified Professional Contract Manager Certification is \$375 and the cost for the exam is \$125. The CPCM certification is most appropriate for contracting professionals who have mastered most the contract management competencies in the Contract Management Body of Knowledge (CMBOK), have extensive business education and training, and have a minimum of 5 years of experience. Study guides are available to assist in preparing for the certification exam.

For further information regarding NCMA training and certification, please visit:
<http://www.ncmahq.org/learn-and-advance/certification>.

Appendix C – Costs Associated with Training Opportunities Currently Available

The following table provides a summary of training resources currently available to DHHS employees. Detailed information regarding these offerings can be found in Appendix B.

Training Provider	Course Title	Unit Cost	Total Cost
UNC SOG	Basic Principles of Local Government Purchasing	\$525	
	Contracting for Construction and Design Services	\$400	
	Intermediate Purchasing Seminar	\$425	
	Introduction to Local Government Finance	\$575	
CLGPO Certification – administered by CAGP’s CLGPO Committee		Free	Free
NC DOA P&C	NC Contract Administration and Monitoring (Post Award)	Free	Free
	NC Procurement	Free	Free
	Specification Writing	Free	Free
	Solicitation Documents and the Law: Explaining Legal Terms and Conditions in IFBs and RFPs	Free	Free
	Request for Proposal (RFP) Development and Evaluation	Free	Free
	Determining Cost	Free	Free
	NIGP Contract Administration in the Public Sector	\$700	
NC DIT	IT Procurement Rules Review	Free	Free
	Introduction to IT Procurement	Free	Free
	The RFP Process	Free	Free
National Institute for Governmental Purchasers (NIGP)	Contract Administration in the Public Sector	\$945	

	Introduction to Public Procurement	\$915	
	Legal Aspects of Public Procurement	\$915	
	Strategic Planning in the Public Sector	\$945	
	Contracting for Public Sector Services	\$720	
	Developing and Managing Requests for Proposals	\$915	
	Effective Contract Writing	\$915	
	How to Buy Performance Results	\$915	
	Risk Management in Public Sector Contracts	\$710	
	Sourcing in the Public Sector	\$890	
National Contract Management Association (NCMA)	E-Courses (topics including ethics, negotiations, contract administration, contract modifications and options, contract types, performance based contracting)	\$70 per topic	

Appendix D – The Contract Management Standard



The Contract Management Standard™

Final Edition

Purpose of the Contract Management Standard

The purpose of the *Contract Management Standard* is to describe the nature of contract management in terms of the contract management processes created through the integration and interaction of job tasks and competencies, and the purposes they serve. The common and repeated use of this standard will improve productivity, increase efficiency, and reduce costs.

A standard is “a document established by consensus that provides rules, guidelines, or characteristics for activities or their results.”¹ Compliance with this definition is shown in **FIGURE 1**.

FIGURE 1. Requirements of a Standard

Requirement	Compliance
"document"	This document is published by the National Contract Management Association.
"established by consensus"	Consensus was established through a job task analysis survey and working groups comprised of materially affected and interested parties. This process included a survey of contract managers, expert drafting, peer review, and a formal public comment validation.
"provides rules"	See “Contract Life Cycle” for the domains, competencies, and job tasks inherent to each life cycle phase.
"provide guidelines"	See “Guiding Principles” for the principles relevant to all buyers and sellers throughout all phases of contract management.
"provide characteristics for activities"	See “Competency” and “Job Tasks” for the characteristics of the activities (also referred to as “processes”).
"provide their results"	See “Domains” for the expected outcomes of contract management job tasks.

Definitions

Terms related to contract management are defined in the NCMA *Contract Management Body of Knowledge*. The following terms, with their basic definitions, are provided for easy reference:

Contract management—the actions of a contract manager to develop solicitations, develop offers, form contracts, perform contracts, and close contracts.

Contract manager—the authorized representative or agent for a contracting party.

Contract—a mutually binding legal relationship obligating the seller to furnish supplies or services and the buyer to provide consideration for them.

Structure of the Contract Management Standard

The *Contract Management Standard* is comprised of five components (see **FIGURE 2**):

- 1 | **Guiding Principles**—For contract management, these principles apply to all contract managers in all phases of the contract life cycle.
- 2 | **Contract Life Cycle Phases**—The phases of a contract: pre-award, award, and post-award.
- 3 | **Domains**—The areas within a contract life cycle phase that produce significant contract management outcomes.
- 4 | **Competencies**—The processes utilized to produce the expected contract management outcomes of the domains. These processes involve the ability to perform multiple job tasks, both simultaneously and sequentially, while achieving meaningful results.
- 5 | **Job Tasks**—The tasks performed on a routine basis by contract managers. Contract managers systematically process the job tasks to achieve the expected results of the competencies.

The *Contract Management Standard* is established as presented in **FIGURE 3** on page 3.

1.0 Guiding Principles

Guiding Principles for contract management are applicable throughout all phases of the contract life cycle in all contract management circumstances, irrespective of changes in priorities, strategies, requirements, or resources (e.g. personnel, money, equipment, time). (See **FIGURE 4** on page 3.)

FIGURE 2. Component Structure of the *Contract Management Standard*

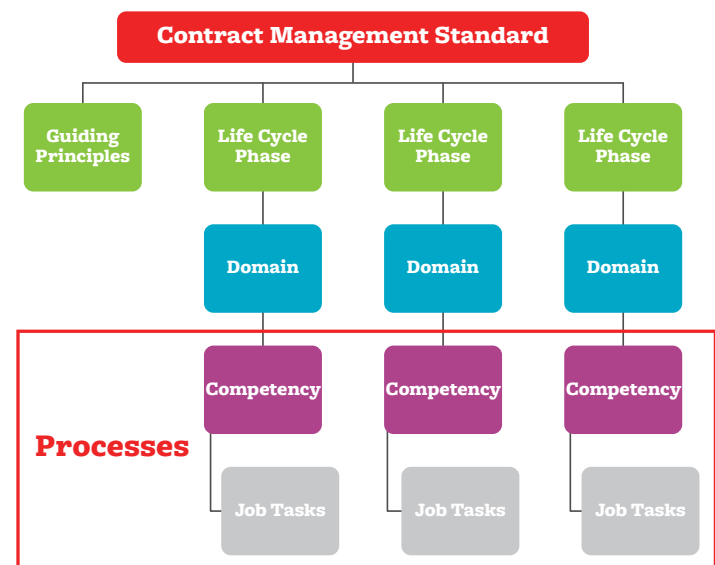


FIGURE 3. The Contract Management Standard

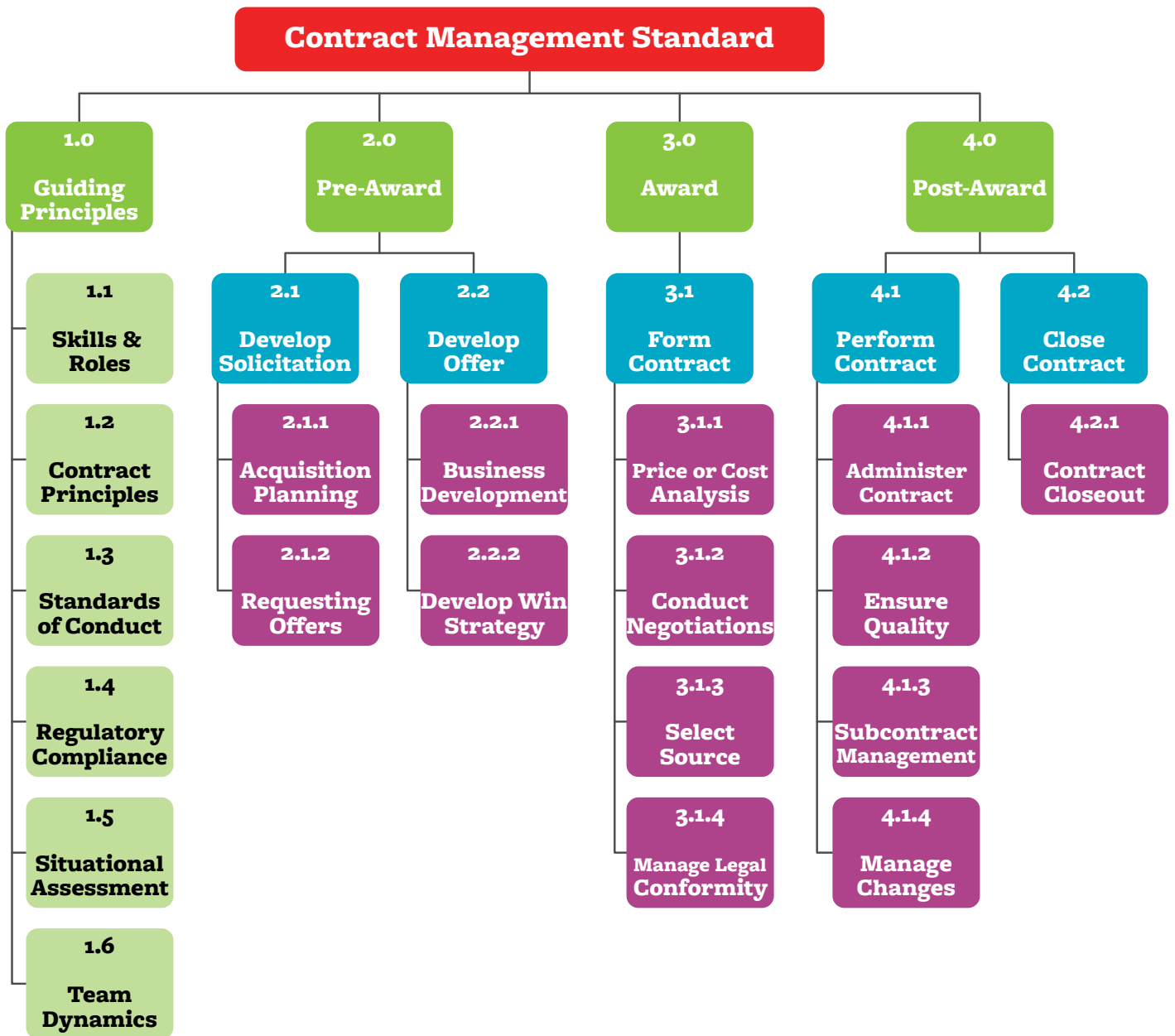
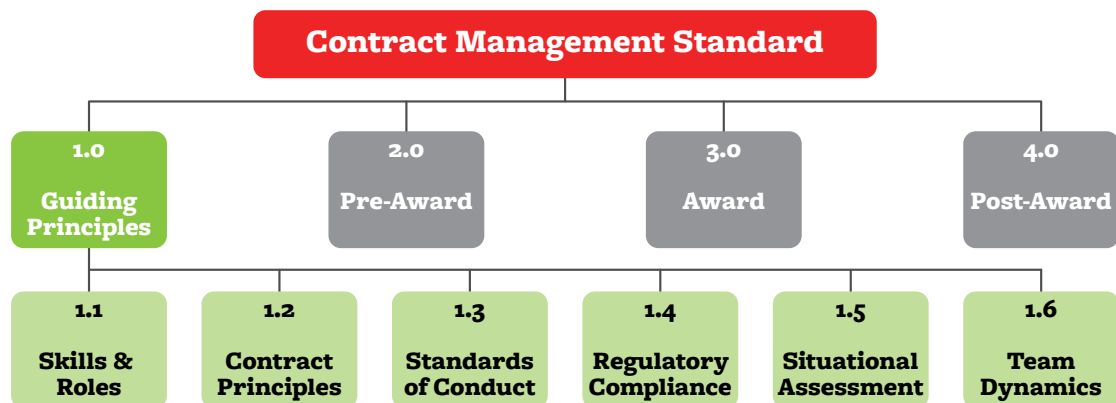


FIGURE 4. The Guiding Principles of Contract Management



1.1 Skills and Roles

Contract management is the process of managing contracts throughout the contract life cycle while ensuring customer satisfaction. This includes the management of contract elements such as negotiations, changes, requirement interpretations, deliverables, contract terms and conditions, and risk management.

In terms of the responsibilities assigned to a contract manager, contract management has a very broad perspective. The job scope ranges from the skills of managing, organizing, and planning to the negotiating of complex contracts. Contract management demands general business skill and acumen in such areas as change management, collaboration, communication, critical thinking, customer orientation, influencing others, knowledge management, leadership, problem solving, and results orientation. In addition, it requires specialized skill and acumen in such areas as financial management, project management, risk management, and supply chain management.

Contract managers fall into two primary functions—the buyer and the seller.

Buyer: The contracted party with the requirement for goods and/or services to be fulfilled by one or more sellers.

Seller: The contracted party tasked with fulfilling the buyer's requirement for goods and/or services.

The buyer and the seller satisfy requirements through effective management of the contract. This skill requires the contract manager to focus on the problem as stated and process the available information and knowledge to achieve an actionable solution. This process is highlighted by identifying risks and facilitating the mitigation of the risks. Though many solutions may not lead to the most desired outcome, the contract manager should strive to minimize the influence of personal biases, maximize the likelihood of an accurate result, and facilitate communication among affected parties.

Successful contract managers are those who can develop and execute actionable business strategies. To serve in this role requires higher education, professional training, and occupational experience to help guide the customer and other stakeholders through the contract life cycle phases. Contract managers must have effective analytical, problem-solving, and communication skills—and must be adaptable to a changing business environment. Contract managers must understand the regulatory environment in order to legally implement innovative solutions and must manage risk while satisfying contract requirements and obligations.

The size and complexity of the contract will influence the constraints on which the contract manager needs to focus and require effective application and management of appropriate contract management processes. While constraints may negatively impact behavior in some areas, they should encourage creative problem-solving and critical thinking skills while performing within ethical and regulatory boundaries.

1.2 Contract Principles

Contract principles are the fundamentals of contracting that all contract managers must understand and apply. Simply put, a contract results from:

- Offer,
- Acceptance,
- Consideration, and
- The intent to create a legal relationship.

For a contract to be valid, both parties must indicate that they agree to the terms. For a contract to be binding, it must be for a legal purpose and can only be made by parties who are competent.

Contract principles fall into two major categories:

General contracting concepts—These include such notions as principal and agency, types of authority, essential elements of a contract, market research, competition, fair and reasonable prices, and ethics; and

Terms and conditions to address specific contract matters—These include such things as inspection and acceptance, title transfer, force majeure, risk of loss, repudiation, warranties, payment terms, contract changes, and termination.

1.3 Standards of Conduct

Standards of conduct help to define the ethical behavior expected of all contract managers and their organizations. Standards of conduct are intended to create trust and confidence in the integrity of the contract management process. The standards require contract managers to conduct themselves in such a manner as to bring credit upon the profession. Contract managers conduct all business in good faith while:

- Being transparent in making appropriate disclosures,
- Adequately protecting competitive information, and
- Avoiding actual or apparent conflicts of interest.

This ethical behavior not only applies to collaboration with other professionals, but it also applies to the technical aspects involved throughout the contract life cycle phases. All contract managers should abide by the letter and spirit of the standards of conduct.

1.4 Regulatory Compliance

At its core, the contract management profession is about the knowledge and application of laws, codes, and regulations. Contracts are legal documents that represent an agreement between the parties whose terms and conditions are legally binding and enforceable in courts of law and other administrative bodies. As such, it is important for contract managers to have a working knowledge of the laws, codes, regulations, and other sources of guidance that define, to a large extent, the environment in which the contract manager operates.

1.5 Situational Assessment

Applying knowledge through lessons learned to the management of current and future contracts is a crucial ability in contract management. Successful contract managers do the following:

- Know how to capture, document, and share knowledge;
- Know how to shape requirements to align with their organization's vision, mission, and strategic goals;
- Are aware of how seemingly independent contract actions impact each other now and in the future;
- Understand product and systems life cycle principles;
- Apply effective market research techniques to collect, analyze, and implement market intelligence;
- Identify opportunities for process improvement and optimization; and
- Negotiate meaningful contract terms and conditions while meeting customer needs.

1.6 Team Dynamics

The contract management team combines the functional disciplines of buyers and sellers for the common purpose of satisfying the customer need. While buyer and seller teams may work independently in the pre-award phase, the relationship becomes formal upon contract award and continues until the contract is closed. Members of the contract management team are expected to add value by performing their functions and knowing their roles throughout the contract life cycle phases.

To be successful, each member must have a working knowledge of all roles involved on the team. These roles can include, for example, engineering, estimating, finance, legal, logistics, pricing, project management, requirement development, supply chain management, etc. Becoming familiar with the other roles on the team will enable each role to complement one another, and to allow for identification of gaps or overlaps in responsibilities.

The contract management team must be able to:

- Conduct meaningful collaboration in order to make accurate and timely decisions while solving complex contracting problems and forming an effective contract relationship,
- Identify opportunities for process improvement and optimization, and
- Collect and record lessons learned.

Contract Life Cycle Phases

Contracts have a distinct beginning and end, and the contract life cycle defines these parameters. The contract life cycle generally consists of three contract phases, as seen in **FIGURE 5**: pre-award, award, and post-award.

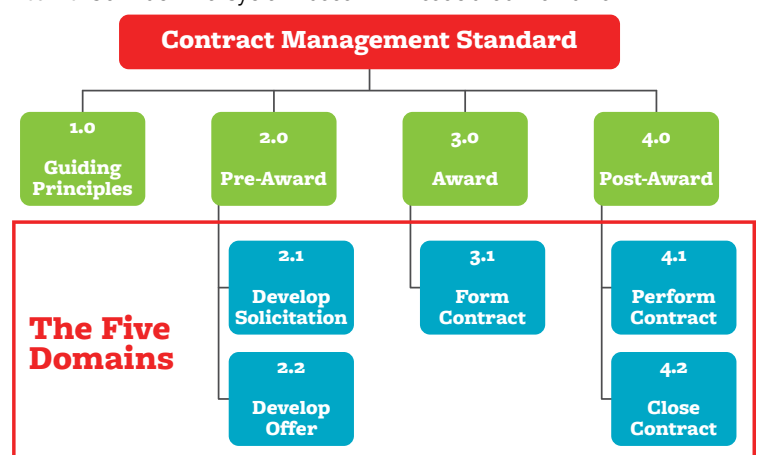
Contract management processes performed by contract managers generally fall into five domains within the three contract life cycle phases. **FIGURE 6** illustrates how the domains relate to the life cycle phases.

FIGURE 7 on page 6 illustrates the domains and their outcomes. Each contract life cycle phase and domain has specific competencies and job tasks that together are called "processes."

FIGURE 5. The Phases of the Contract Life Cycle



FIGURE 6. Contract Life Cycle Phases with Associated Domains



2.0 Pre-Award Life Cycle Phase

Pre-Award is the first phase of the contract life cycle. The pre-award process for the buyer includes assisting in defining the customer requirements for products or services, and then developing a comprehensive acquisition plan to fulfill those requirements in a timely manner at a reasonable price. This includes developing and executing an overall strategy for the purchase, which is accomplished through researching the marketplace, developing contracting strategies, preparing solicitations, and requesting offers.

The pre-award process for the seller includes developing and executing a strategy for obtaining the award for a contract, including pre-sales activities, market strategies, and responding to the procurement.

There are two domains within the pre-award life cycle phase:

- *Develop Solicitation*—The buyer job tasks and competencies for this domain produce the acquisition plan and the solicitation.
- *Develop Offer*—The seller job tasks and competencies for this domain produce the business development plan and the offer.

2.1 Develop Solicitation

Develop Solicitation is primarily the domain of the buyer. (See **FIGURE 8**.) It is the process of describing all the elements of the customer requirements (technical, business, regulatory, etc.) to the sellers. The value added by this process is the accurate presentation of the customer requirement through a solicitation in order to create a viable contract that can be performed.

» 2.1.1 Acquisition Planning

Acquisition Planning is the process by which efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the customer need in a timely manner at a reasonable cost. It includes developing the overall strategy for managing the acquisition. The value added through acquisition planning is in developing a plan that includes such elements as:

- Assisting in defining the buyer's requirements,
- Conducting relevant market research,
- Performing meaningful risk analysis, and
- Formulating the contracting strategy.

» 2.1.2 Requesting Offers

Requesting Offers is the process of implementing the acquisition plan by soliciting responses from contractors in order to fulfill a customer need. The value added of requesting offers is producing a clear and concise solicitation that effectively communicates all the buyer's requirements and enables the sellers to provide comprehensive, responsive proposals.

2.2 Develop Offer

Develop Offer is primarily the domain of the seller. It is the process of:

- Developing foundational business practices and strategies to compete in the marketplace, and
- Responding to solicitations with the intent of winning contracts and meeting performance requirements.

The value added by this process is to provide the buyer with a comprehensive solution to the buyer's requirements that

FIGURE 7. Contract Management Domains and Their Outcomes

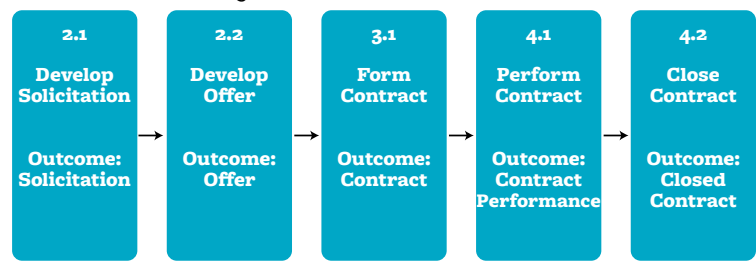


FIGURE 8. Competencies and Tasks for the *Develop Solicitation* Domain

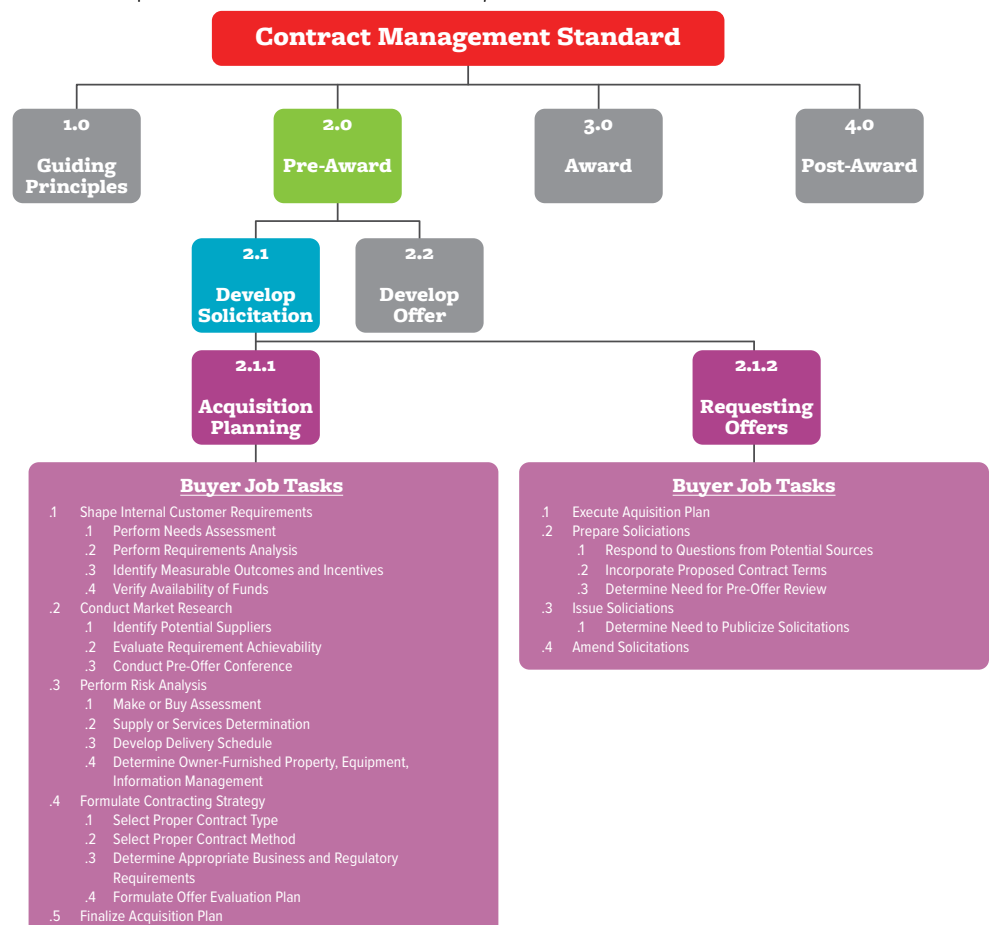
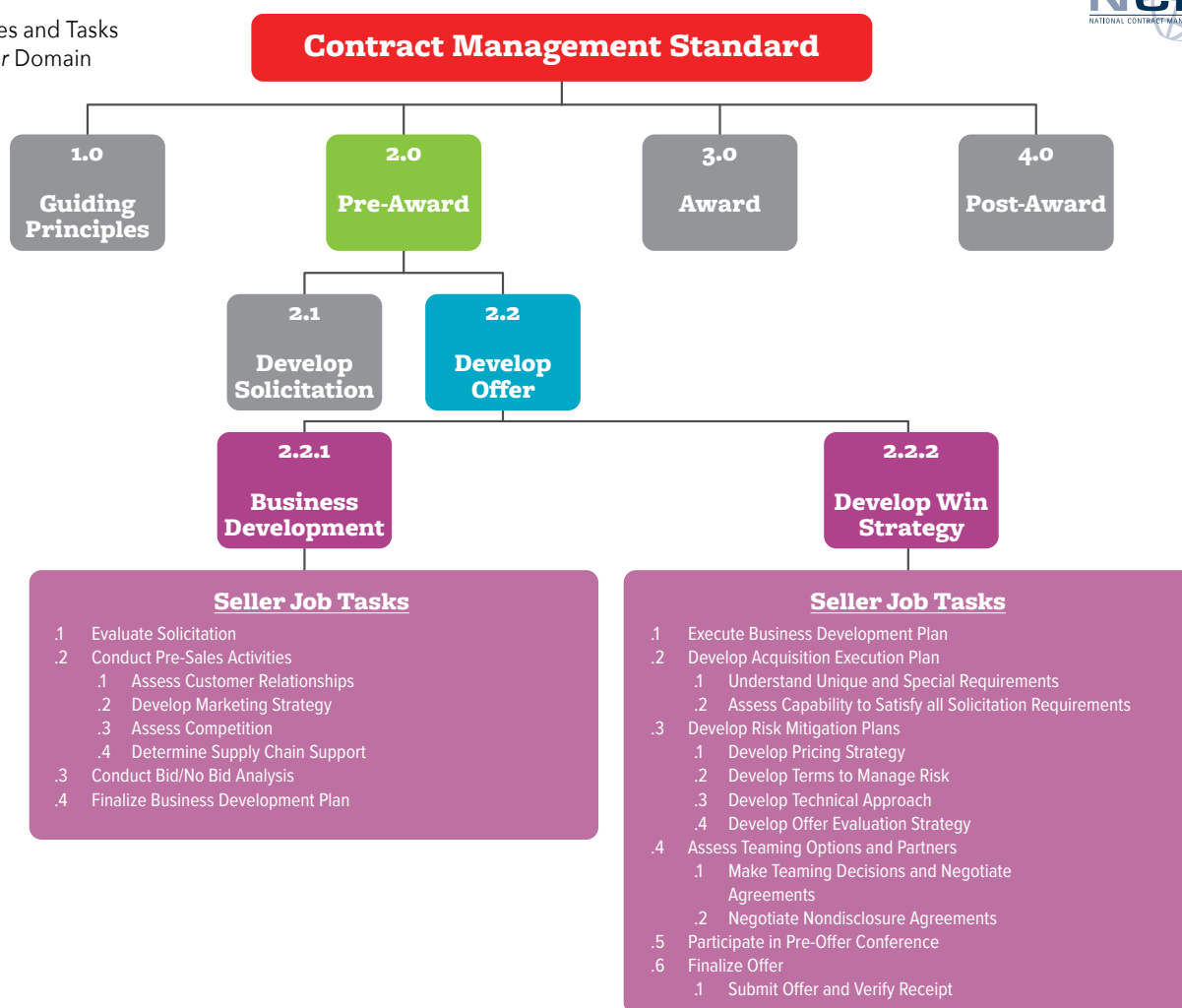


FIGURE 9. Competencies and Tasks for the *Develop Offer* Domain



enhances the seller's competitive position in the marketplace while delivering customer value. (See **FIGURE 9**.)

» 2.2.1 Business Development

Business Development is the process of:

- Organizing pre-sales activities to develop customer relations and market strategy, and
- Assessing competition.

The value added in business development is to understand the customer's near- and long-term requirements and determine the organization's ability to successfully respond to a solicitation.

» 2.2.2 Develop Win Strategy

Develop Win Strategy is the organization's ability to execute the business development plan as it assembles an offer to win business. The value added in developing a win strategy is in exploiting and increasing organizational strengths and efficiencies in order to enhance marketplace positioning.

3.0 Award Life Cycle Phase

The second contract life cycle phase is *Award*. The award process involves all the work by both the buyer and seller that produces an

awarded contract. Some contracts are very simple and others are exceedingly complex, but the majority fall somewhere in between. There is one domain in the award phase: *Form Contract*. The job tasks and competencies of the *Form Contract* domain produce the contract. (See **FIGURE 10** on page 8.)

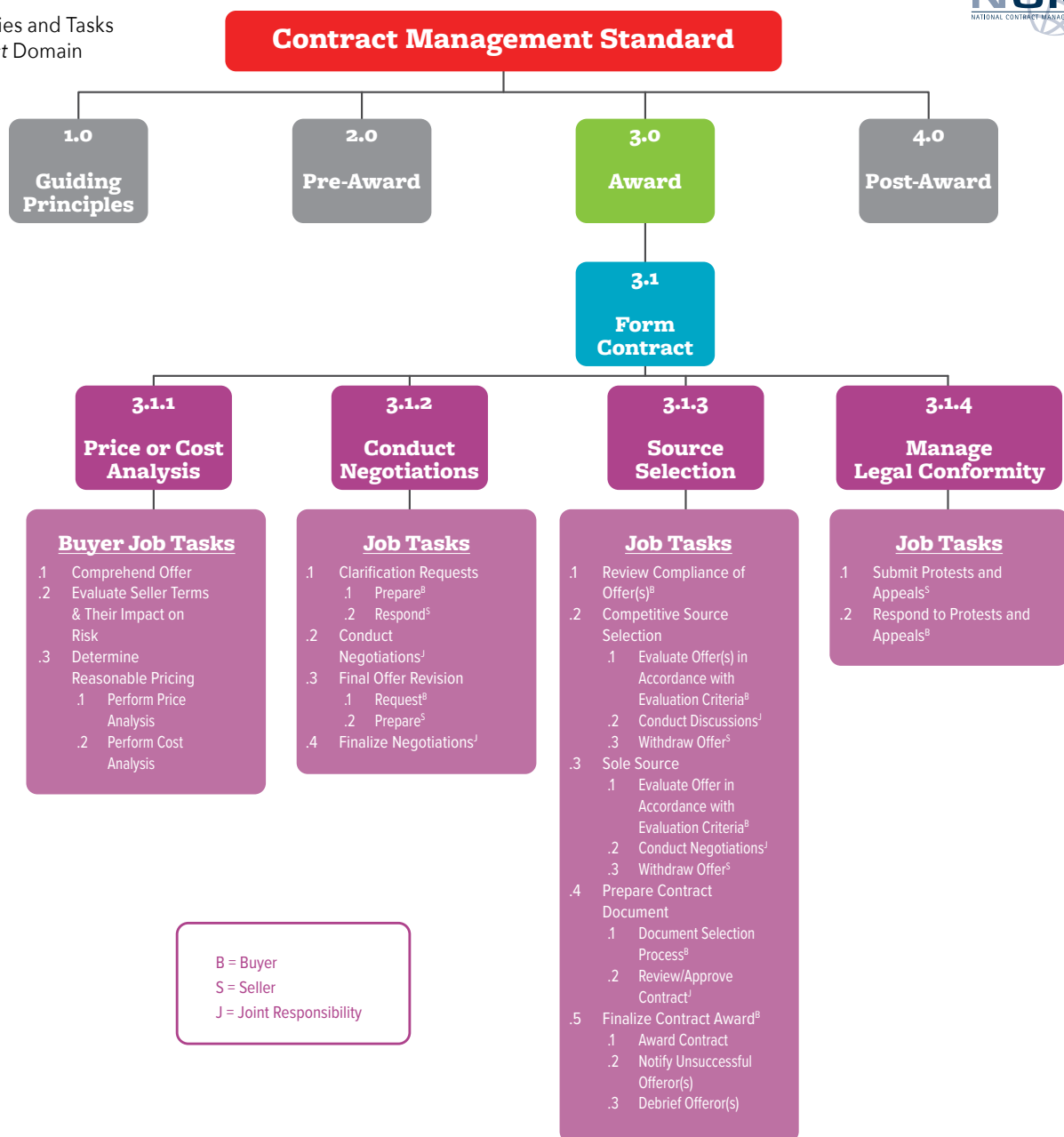
For this transitional phase, buyer job tasks include:

- Evaluating offers,
- Conducting negotiations,
- Selecting the source,
- Awarding the contract(s),
- Debriefing offerors, and
- Addressing mistakes in offers and seller challenges to the selection process.

For the seller, job tasks include:

- Clarifying offers,
- Participating in negotiations, and
- Preparing final offers.

FIGURE 10. Competencies and Tasks for the *Form Contract* Domain



3.1 Form Contract

Form Contract is the process of:

- Determining reasonable cost and pricing,
- Conducting negotiations,
- Selecting the source, and
- Managing challenges and disagreements.

The value added by this process is to mitigate or eliminate contract performance risk by selecting the best source and negotiating prices and terms and conditions.

» 3.1.1 Price or Cost Analysis

Price Analysis is the process of examining and evaluating an offeror's proposed price without evaluation of the separate detailed cost ele-

ments and proposed profit of the offeror's price proposal. The value added by this process is the buyer's ability to evaluate an offer by comparing it with indicators of reasonableness, such as:

- Historical prices paid,
- Published prices,
- Competitive analysis,
- Comparative analysis, and
- Market data.

Cost Analysis is the process of reviewing and evaluating any separate cost elements and profit or fee in an offeror's proposal—and of the judgmental factors applied in projecting from the data to the estimated costs—to determine the degree to which the offeror's proposed costs represent the cost of contract performance should cost

assuming reasonable economy and efficiency. The value added by this process is the buyer's ability to ascertain a fair and reasonable price and/or determine the realism of the price in preparation for contract negotiations, discussions, and for reducing risk in contract performance.

» 3.1.2 Conduct Negotiations

Conduct Negotiations is the process of communicating between buyer and seller regarding all aspects of the offer and its terms, and often involves clarifying requirements and parties requesting changes or consideration of an alternate approach that may be consistent with the solicitation requirements. The value added by this process is where both parties work to find common ground or offer compromises among their differences in quantity, price, delivery, quality, or other factors.

» 3.1.3 Source Selection

Source Selection is the process of analyzing submitted offers in accordance with the solicitation evaluation criteria to select the source that has the highest probability of satisfactory contract performance. The value added by this process is in mitigating buyer risk by selecting the offeror most likely to satisfactorily perform the contract.

» 3.1.4 Manage Legal Conformity

Manage Legal Conformity is the process of resolving conflict between potential and actual contracted parties. The value added by this process is the ability to resolve issues related to the solicitation or source selection process through informal and formal means.

4.0 Post-Award Life Cycle Phase

Once the Award phase is completed, the Post-Award contract life cycle phase begins. This involves all of the contract management functions known as "contract administration." The contract administration functions will vary greatly depending on the complexity of the contract. Both the buyer and seller are actively involved in contract administration to ensure satisfactory performance and to bring the contract to a successful conclusion.

Buyer job tasks include:

- Addressing any issues arising during contract performance that might increase performance risk,
- Executing contract modifications,
- Monitoring compliance of contract terms,
- Making payment(s), and
- Closing out the contract.

Seller job tasks include:

- Contract performance,
- Invoicing,
- Engaging in subcontracting activities,
- Managing contract changes, and
- Bringing the contract to a successful conclusion.

There are two domains within the post-award phase:

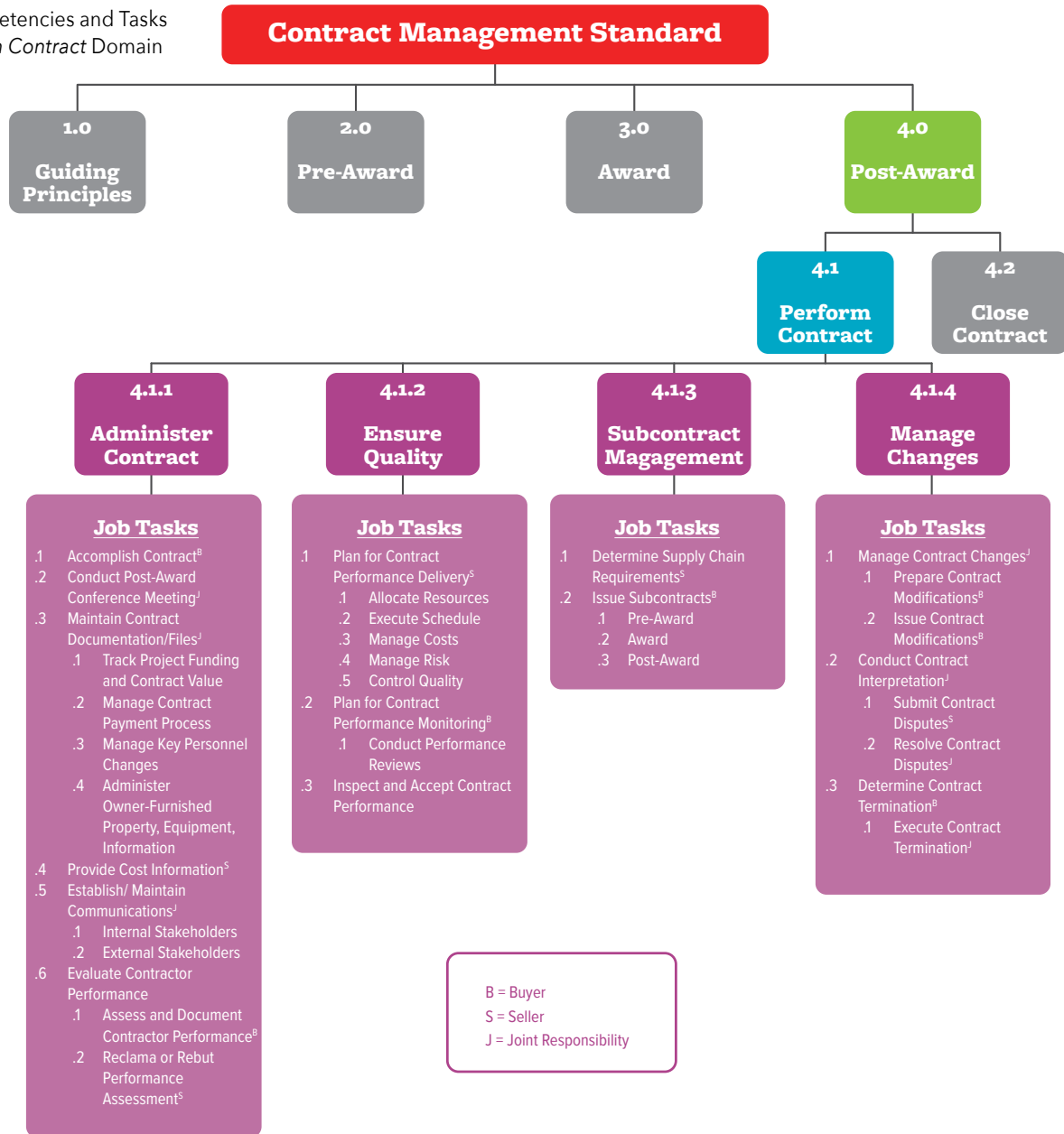
- *Perform Contract*—The job tasks and competencies for this domain produce the contract performance.
- *Close Contract*—The job tasks and competency for this domain produce the closed contract.

4.1 Perform Contract

Perform Contract is the process of establishing and maintaining communications, and tracking and documenting contract performance. The value added by this process is:

- Monitoring risk and assessing its impact on contract performance, and
- Ensuring compliance with contractual terms and conditions during contract performance up to contract closeout or termination. (See **FIGURE 11**.)

FIGURE 11. Competencies and Tasks for the *Perform Contract* Domain



» 4.1.1 Administer Contract

Administer Contract is the process of:

- Establishing expectations,
- Maintaining communication channels,
- Processing contract documentation,
- Conducting post-award performance reviews, and
- Assessing contract performance.

The value added by this process is in managing risk and increasing the likelihood of satisfactory contract execution.

» 4.1.2 Ensure Quality

Ensure Quality is the process of:

- Planning for contract performance delivery and monitoring, and

- Inspecting and accepting contract performance.

The value added by this process is to ensure the delivered product or service meets the terms and conditions of the contract.

» 4.1.3 Subcontract Management

Subcontract Management is the process of contract management of subcontracts, with the prime contractor being responsible for the performance of its supply chain. The value added by this process is in having a single point-of-contact responsible for:

- Subcontract award,
- Technical and financial performance,
- Monitoring performance, and
- Payment to the subcontractors and suppliers for the work accomplished under subcontract terms.

» 4.1.4 Manage Changes

Manage Changes is the process of:

- Initiating, considering, negotiating, and issuing contract modifications; and
- Maintaining configuration control of the contract and subsequent contract performance.

The value added by this process is to allow flexibility in making necessary contract changes while protecting the integrity of the contract.

4.2 Close Contract

The *Close Contract* domain is the domain of both the buyer and seller. It is the process of:

- Verifying all the requirements of the contract are satisfied,
- Settling unresolved matters, and
- Reconciling the contract to make final payment.

The value added by this process is in determining the buyer and seller contract obligations have all been satisfied. (See **FIGURE 12.**)

» 4.2.1 Contract Closeout

Contract Closeout is the process of ensuring:

- All performance has been accomplished,
- Final payment has been made, and
- The contract has been reconciled.

The value added by this process is in the completion, delivery, and acceptance of the contract requirement(s) in accordance with the terms and conditions of the contract.

ENDNOTE

1. https://ansi.org/about_ansi/faqs/faqs.aspx?menuid=1.

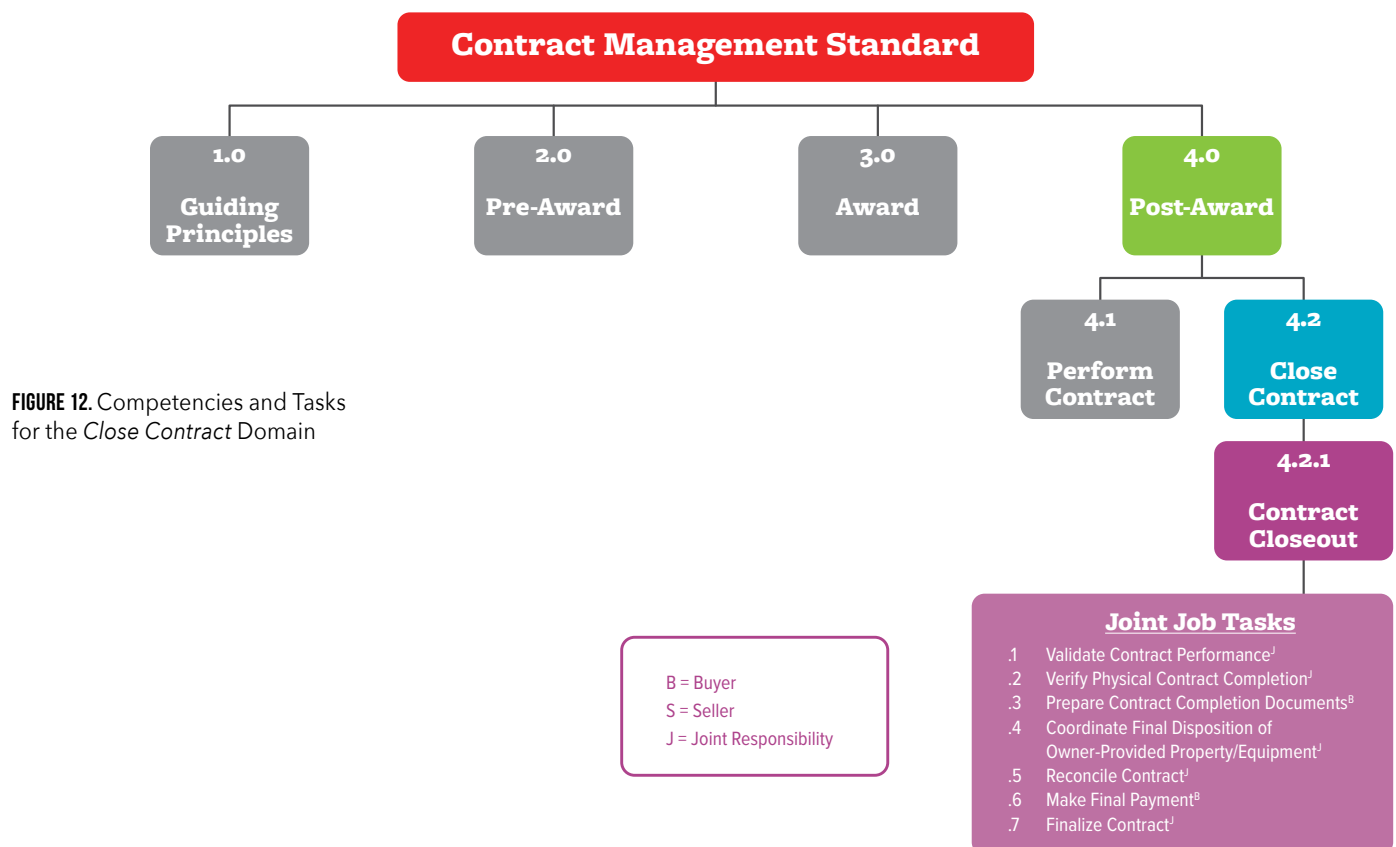


FIGURE 12. Competencies and Tasks for the *Close Contract* Domain