



# DEPARTMENT OF ADMINISTRATION

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House Committee on Oversight Hearing

Thursday, March 3<sup>rd</sup> 2022

RHODE  
ISLAND

# CONTRACT MANAGEMENT

Department of Administration

RHODE  
ISLAND

# GUIDING PRINCIPLES

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## The Basis for Solid Contract Management

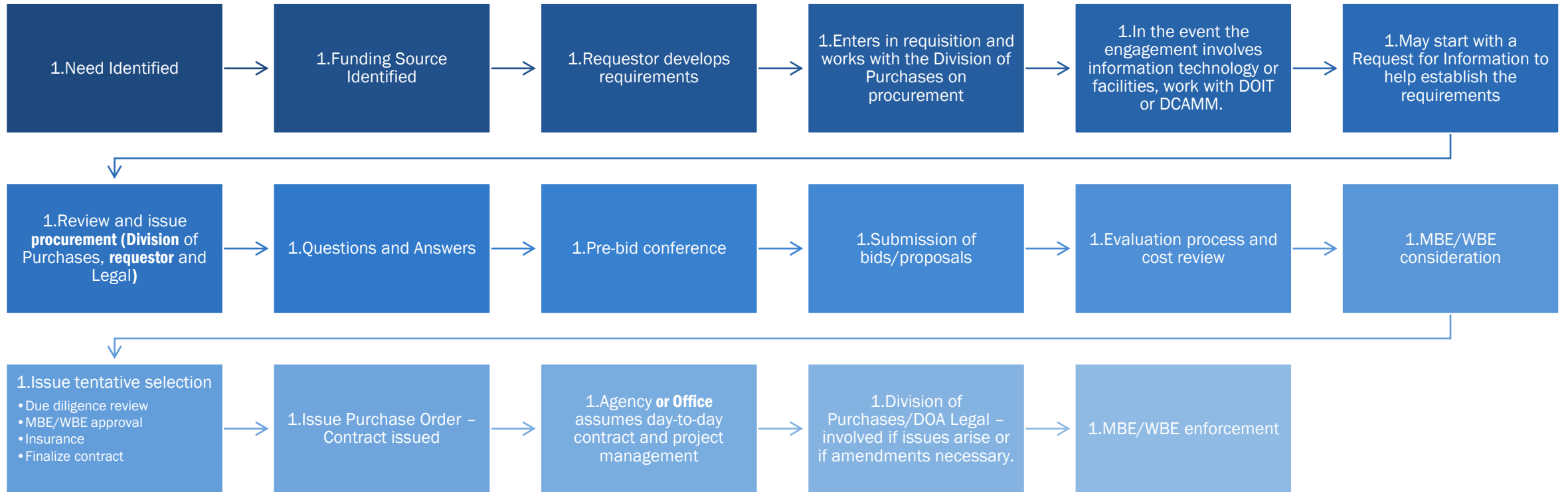
- Having a comprehensive, clear and a reasonable contract is the foundational basis for solid contract management on behalf of the State.

## Guiding Principles

- Make as consistent as possible the purchasing laws among the various states;
- Provide for increased public confidence in the procedures followed in public procurement;
- Ensure the fair and equitable treatment of all persons who deal with the procurement system of the state;
- Provide increased economy in state and public agency procurement activities by fostering effective competition;
- Provide safeguards for the maintenance of a procurement system of quality, integrity and highest ethical standards; and
- Ensure that a public agency, acting through its existing internal purchasing function, adheres to the general principles, policies and practices enumerated in state law and regulation.



# CONTRACT PROCESS



# DOA PURCHASING RESOURCES

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Due to the volume of state contracts, Purchases does not manage individual contracts and agencies should monitor their contracts' performance

## Planning strategies

- Agencies should consider Request for Information (RFI) which invites vendors to share educational material but not require any commitments
- Purchases hosts public documents about best practices when drafting a solicitation or developing a contract

## Recommends that contracts include:

Defined and measurable performance objectives

- Reliable data collection and reporting
- Consistent and collaborative meetings to review and continually improve



# ROLE OF DOA PURCHASING

## Provides guidance on the procurement type

- Suggests Request For Proposal (RFP) or other methods to ensure competitive pricing and agency needs are addressed

## Examines changes orders/amendments

- Reviews any amendments or changes for appropriateness
- Ensure amendments fall within the awarded scope of work
- Extensions requests are within the contract period
- Any cost increase is reasonable given the additional scope of work

## Assists agencies on planning for active contract management

- The responsibility of management falls to the agency
- Purchasing provides resources to agency on active contract management through its online AGENCY resources portal
  - <https://ridop.ri.gov/agency-resources/>

## Issues Purchase Orders and maintains official records

- The Purchase Order (PO) is the authorizing document that authorizes work
- Prior to issuing a Purchase Order, agencies submit all materials in RIFANS which is approved by agency and Budget Office leadership before processing

## Resolves Contract Disputes and Issues between Agency and Vendor



# ROLE OF DOA LEGAL

## Provide Guidance

- Provide guidance and assistance to the Division of Purchases and State Departments in drafting solicitation requirements and negotiating throughout the procurement process.
- Provide legal guidance regarding contract issues and vendor disputes.

## Create Standardized Materials

- Provide standardized and updated General Conditions of Purchase, contract addendums and other templates for State use.



# GENERAL CONDITIONS OF PURCHASE

220-RICR-30-00-13

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Comprehensively updated in 2019 through regulatory process – DOA Legal and Division of Purchases worked together for over a year, along with input from agencies.

## Stated Purpose:

To provide a comprehensive, clear, consistent and reasonable set of contractual terms to serve as the base agreement between the State of Rhode Island ("State") and a Vendor. These General Conditions, along with items specified in § 13.4 of this Part herein, shall serve as the Contract with the State regardless of the method of procurement.

## Contract Addendums:

GCs are intended to cover all basic contract terms (i.e., warranties, liability, vendor responsibilities, termination, jurisdiction, ownership, confidentiality, etc.). However, GCs also include separate contract addendums in case additional contract terms are necessary.

These GC addendums are:

1. GC Addendum A – General Insurance Requirements
2. GC Addendum B – Information Technology Requirements
3. GC Addendum C – Public Works Project Requirements (AIA Agreements)
4. GC Addendum D – Agency Specific Federal Funding Requirements – Provides any requirements imposed by federal partners.
5. GC Addendum E – Standard Business Associates Agreement Requirements
6. GC Addendum F – Special Requirements – Requirements not otherwise addressed in the General Conditions or GC Addenda above.



# CONTRACT MANAGEMENT

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## Day-to-day Contract Management

- Once Purchase Order/Agreement is in place – the State Department/Office budgeted for the project is responsible for day-to-day contract management.

## Division of Purchases/DOA Legal – Role and Responsibilities post contract award:

- In accordance with 220-RICR-30-00-1.5:
  - Handle vendor complaints submitted by agency
  - Resolve contract disputes
- In accordance with 220-RICR-30-00-14 (Suspension and Debarment):
  - May sanction vendors





# HISTORY OF STATE CONTRACTING

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Department of Administration

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# PRIOR CONTRACTING PROCESS

Prior to 2019, General Conditions of Purchase were significantly outdated and not comprehensive. As a result, each agency formed their own independent agreements with vendors.

## This created many issues:

- Lack of standardization and consistency across departments
- Same vendor may have different terms with the State across departments and even within the same department
- Lack of centralization in the contracting process
- Unfavorable terms – Prior process required negotiation after-the-fact and once vendor was already “tentatively” selected
- Prior process gave vendors a second bite at the apple to negotiate better terms to the detriment of the State



# NEW CONTRACTING PROCESS

## Qualified or Conditional Offers– 13.3(c)(3)

### Process for Negotiating Contracts After 2019:

Qualified or Conditional Offers – 13.3(c)(3) – for competitive procurements, Vendors may submit qualified or conditional terms (i.e. limits on liability, alternate warranties, etc.) for the State’s consideration at the **time of proposal submission, no longer after-the-fact.**

- State now has more leverage when other vendors still under consideration
- DOA Legal has worked closely with the Division of Purchases to review and negotiate qualified terms and create template letters during the evaluation phase with vendors
- Has resulted in more favorable terms for the State, but they are still reasonable
- Has significantly shortened the contracting period after award; it previously could take months to negotiate with vendors and even fall through
- HSRI – as an example – has fully adopted this process and has been successful



# NEW CONTRACTING PROCESS

## Qualified or Conditional Offers– 13.3(c)(3)

### Sole Source/Emergency Procurements

- General Conditions apply to all procurement methods
- General Conditions provide the standard terms, but the State may have to make exceptions in order to reach an agreement (allowed under the General Conditions)
  - Becomes a business decision
- Still better than prior process where the State ended up with Vendor's terms

### Continuous Improvement

- After a few years of experience, we are currently revisiting areas that can be improved
  - Currently reviewing the insurance requirements in GC Addendum A and will update as necessary
  - Working with DOIT on a standardized Information Technology GC Addendum B





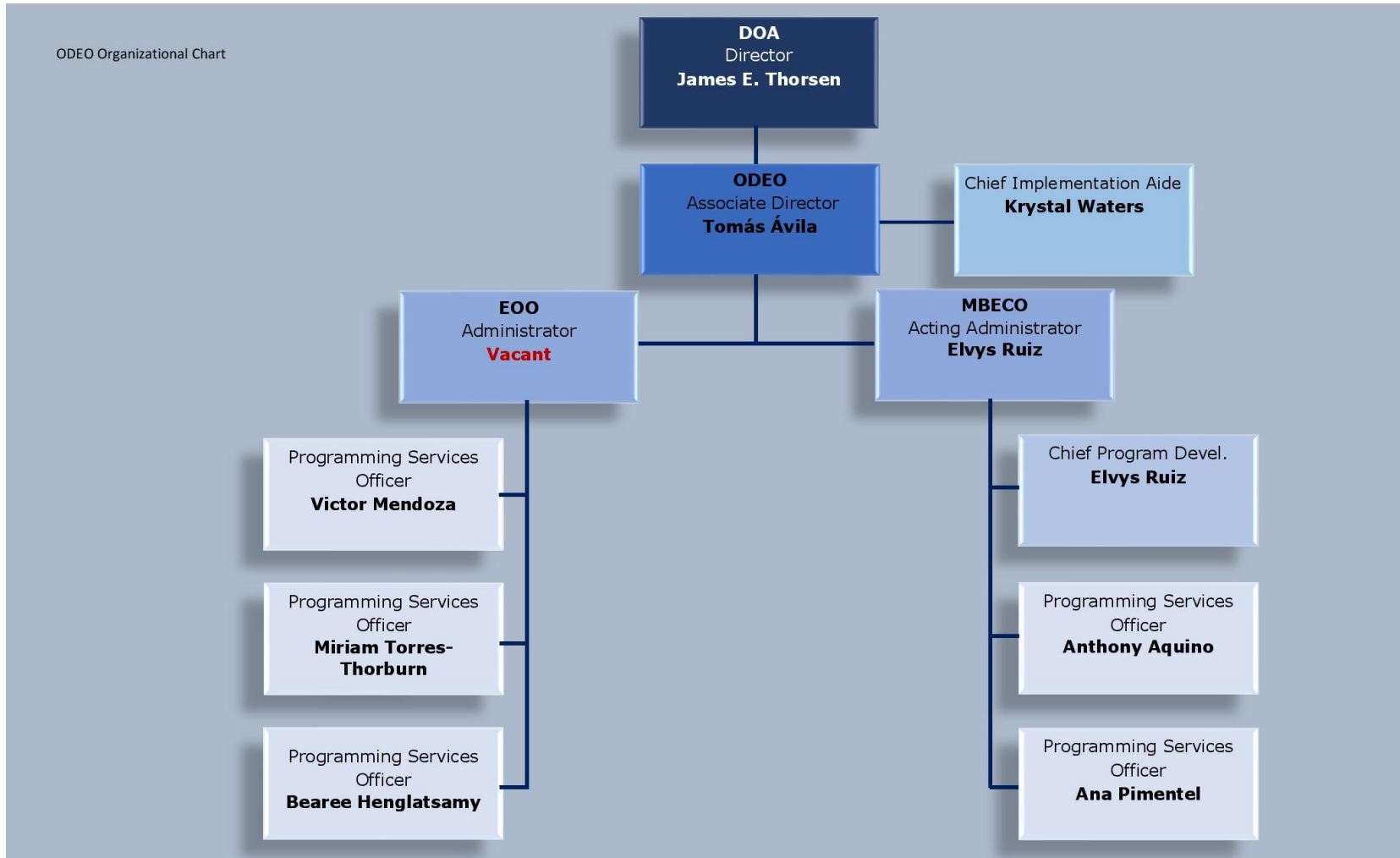
# CONTRACT MANAGEMENT

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Office of Diversity, Equity, and  
Opportunity

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# ODEO ORG CHART



# ROLE OF ODEO

## EEO Submittals Required Prior to Issuance of Purchase Order:

- Contract Compliance Report – located on ODEO website at <http://odeo.ri.gov/documents/odeo-eeo-contract-compliance-report.pdf>
- Certificate of Compliance – located on ODEO website at <http://odeo.ri.gov/documents/odeo-eeo-certificate-of-compliance.pdf>
- Affirmative Action Plan

## MBE Required Prior to Issuance of Purchase Order:

- MBE Utilization Plan  
<https://health.ri.gov/publications/specifications/Rhode-Island-MBE-Utilization-Plan-Form.pdf>
- MBE Project Reporting Plan  
<http://odeo.ri.gov/documents/mbe-project-reporting-form-template.pdf>





# DEI COMPLIANCE

## UP TO 21 DAYS ODEO PARTICIPATION



**Division of Purchases**  
 One Capitol Hill | Providence, RI 02908 | (401) 574-8100  
 Nancy R. McIntyre, State Purchasing Agent

- 3)  Information Technology Cyber/Privacy – minimum limits of \$5,000,000 per occurrence and \$5,000,000 annual aggregate. If Contract Party provides:
- a)  Key back office services Contract Party shall have a minimum limit of \$10,000,000 per occurrence and \$10,000,000 annual aggregate;
  - b)  If Contract Party has access to Protected Health Information as defined in HIPAA and its implementing regulations, Personal Information as defined in R.I. Gen. Laws § 11-4-3-1 et seq., or as otherwise defined in the Contract (together Confidential Information), Contract Party shall have as a minimum the per occurrence, per annual aggregate, the total rounded product of projected number of persons data multiplied by \$25 per person breach response expense per occurrence; but no less than \$5,000,000 per occurrence, per annual aggregate; or,
  - c)  If the Contract Party provides or has access to mission critical services, network architecture and/or the totality of confidential data \$20,000,000 per occurrence and in the annual aggregate.

**Other:**  
 Specify insurance type and minimum coverage required, e.g. builder's risk insurance, vessel operation (marine or aircraft)

- 3)  Other – Specify insurance type and minimum coverage required

4)  Rhode Island Affirmative Action Plan and contract compliance forms. Submit the applicable forms as indicated below to Rhode Island Department of Administration, Office of Diversity, Equity and Opportunity (ODEO), State Equal Opportunity Office at One Capitol Hill, 3<sup>rd</sup> Floor, Providence, Rhode Island 02908. Any questions relative to EEO and/or the submission of any EEO documents contact Miniam Thorburn at (401) 222-1452, [ODEO.EEO@doa.ri.gov](mailto:ODEO.EEO@doa.ri.gov).

4a)  Contract Compliance Report  
<http://odeo.ri.gov/documents/odeo-eco-contract-compliance-report.pdf>

4b)  Certificate of Compliance  
<http://odeo.ri.gov/documents/odeo-eco-certificate-of-compliance.pdf>

The resulting determination from the Office of Diversity, Equity and Opportunity shall be the required final document to complete the tentative award process.

5)  Minority Business Enterprise (MBE) Plan. Submit MBE plan to Rhode Island Department of Administration, Office of Diversity, Equity and Opportunity (ODEO), Minority Business Enterprise Compliance Office at One Capitol Hill, 3<sup>rd</sup> Floor, Providence, Rhode Island 02908. For further information, contact Elyys Ruiz at (401) 574-8253 or [elyys.ruiz@doa.ri.gov](mailto:elyys.ruiz@doa.ri.gov); or visit the Office of Diversity, Equity and Opportunity website at <http://odeo.ri.gov>. The resulting determination from the Office of Diversity, Equity and Opportunity shall be the required final document to complete the tentative award process.



**Division of Purchases**  
 One Capitol Hill | Providence, RI 02908 | (401) 574-8100  
 Nancy R. McIntyre, State Purchasing Agent

5a)  For Non-Disadvantaged Business Enterprise (DBE) Service-based RFQs – Minority Business Enterprise (MBE) Plan shall be submitted within 5 business days of the date of this tentative selection notice.

Good Standing Certificate issued by the Rhode Island Secretary of State within the 30-day period prior to the date all documentation is due. Contact the Corporations Division at the Rhode Island Secretary of State at (401) 222-3040 or <http://business.sos.ri.gov/CorpWeb/certificates/certificateorderform.aspx>.

General Contractor Apprenticeship Re-Certification Form\*, found at: <https://dlt.ri.gov/documents/pdf/wrs/GenConApprCertandReCert.pdf>.

\*In addition, for all subcontractors, collect and maintain Subcontractor Apprenticeship Certification forms, found at: <https://dlt.ri.gov/documents/pdf/wrs/SubContractAppCert.pdf>.

Business Associate Agreement (HIPAA compliant), executed by an authorized representative of your company, found at: <https://www.ridop.ri.gov/documents/centralized-template/2014-13%20BUSINESS%20ASSOCIATE%20AGREEMENT.docx>.

Rhode Island custom AIA contract designated below outlining the scope and special terms and conditions covering the work, executed by an authorized representative of your company. The Division of Purchases shall not issue a purchase order unless and until it receives the correct custom AIA contract executed by Nadean Corp. Contact Simidele Mabray at 401-626-1585 or [Simidele.mabray@doa.ri.gov](mailto:Simidele.mabray@doa.ri.gov). Vendor shall obtain the Rhode Island custom AIA contract at: <https://documentsondemand.aia.org/?filter=Rhode>. The Rhode Island custom AIA contract shall contain the information required by the attached AIA contract guide.

9a)  AIA A101-2017 Standard Form of Agreement Between Owner and Contractor with State of Rhode Island revisions dated 7-25-19.

9b)  AIA A104-2017 Standard Abbreviated Form of Agreement Between Owner and Contractor with State of Rhode Island revisions dated 9-10-19.

9c)  AIA B101-2017 Standard Form of Agreement Between Owner and Design Agent with State of Rhode Island revisions dated 9-10-19.

9d)  AIA B102-2017 Standard Form of Agreement Between Owner and Design Agent without a Predefined Scope of Design Agent's Services with State of Rhode Island revisions dated 9-10-19.

9e)  AIA B104-2017 Standard Abbreviated Form of Agreement Between Owner and Design Agent with State of Rhode Island revisions dated 9-10-19.



STATE OF RHODE ISLAND  
 Minority Business Enterprise Compliance Office  
**Minority Business Enterprise Utilization Plan**

Company Name: \_\_\_\_\_

Representative's Name who administers MBE Program: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_ Telephone: \_\_\_\_\_

Email: \_\_\_\_\_ Project Location: \_\_\_\_\_

Bid or Project #: \_\_\_\_\_ Date Bid Opened: \_\_\_\_\_

Description of Work: \_\_\_\_\_

Contract Value: \_\_\_\_\_ MBE % Assigned: \_\_\_\_\_

Total # of Subcontractors/Suppliers used: \_\_\_\_\_ # of MBE Subcontractors/Suppliers used: \_\_\_\_\_

**List All Subcontractors/Suppliers/Consultants/Independent Contractors – Total Dollar Amounts – Scope of Work:**

Subcontractor / Supplier	Dollar Award	Scope/Description of Work	RI Certified MBE Y/N

**Note:** Only those Minority Business Enterprises certified by the Rhode Island Department of Administration may be utilized to fulfill the MBE participation requirement pursuant to RIGL 37-14.1. Vendors may count towards MBE requirement 60% of expenditures for material and supplies required under a contract and obtained from an MBE regular dealer/supplier, and 100% of such expenditures when obtained from an MBE manufacturer. For firms certified as a broker, only the fees and commission charged for the procurement, but not the cost of the materials or services, are eligible for MBE participation credit. Also note that MBE firms identified above must complete all work under their respective contracts with their own forces.

The above referenced contract will not be released until this plan has been approved by the Director of the Department of Administration or its designee.

For assistance and advice in identifying MBE firms, please call the Minority Business Enterprise Compliance Office at (401) 574-8670. The directory of all certified MBE firms is also located at [www.mbe.ri.gov](http://www.mbe.ri.gov).

Signature of Authorized Agent of Business: \_\_\_\_\_ Date: \_\_\_\_\_

Send Completed Form to: **Minority Business Enterprise Compliance Office**  
 Department of Administration  
 One Capitol Hill 2<sup>nd</sup> Floor  
 Providence, RI 02908  
 Phone: (401) 574-8670  
 Fax: (401) 574-8387  
 Web site: [www.mbe.ri.gov](http://www.mbe.ri.gov)

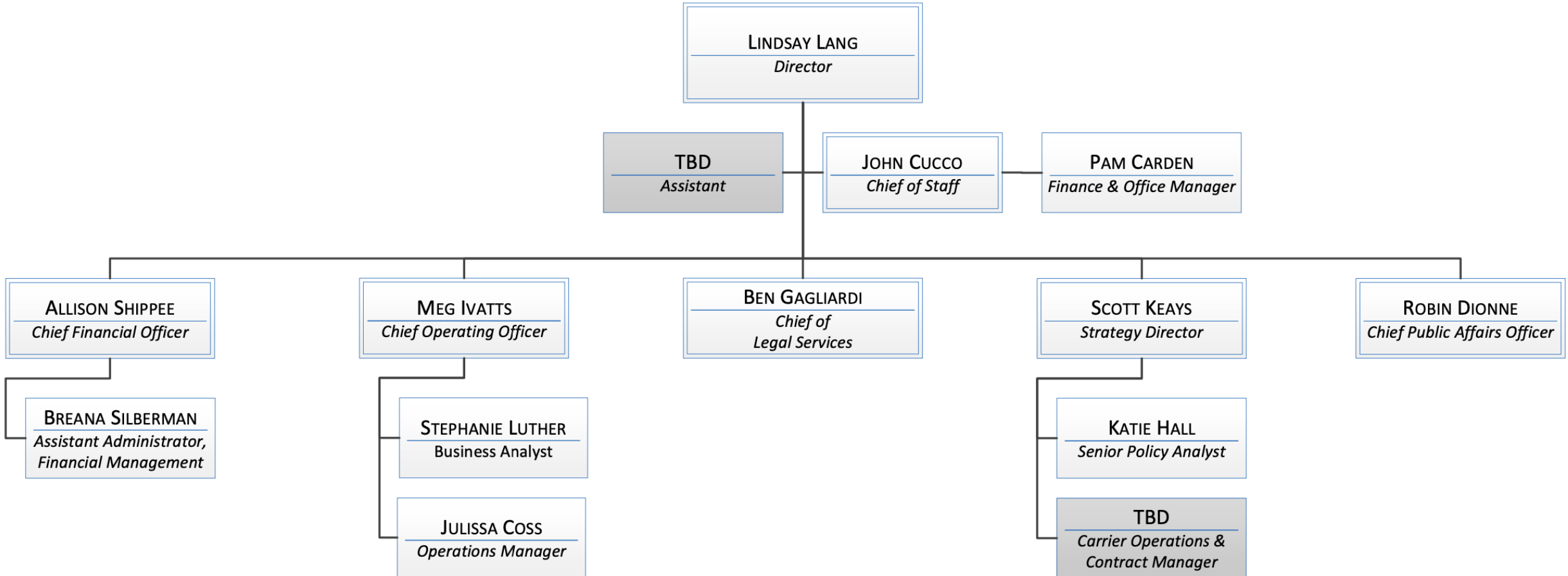
# CONTRACT MANAGEMENT

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HealthSource RI

**RHODE  
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# HSRI ORG CHART



# OVERVIEW OF ALL HSRI CONTRACTS

- HSRI manages 12 current contracts with vendors
- The annual values range from \$10,000 to \$12m
- Some of these contracts are shared with other Health and Human Service agencies

Contractor Name	Shared Contract	Initial Start Date
Automated Health Systems (AHS)	Y	02/01/16
BerryDunn	N	08/30/21
EFPR	N	08/15/17
NFP Health	N	11/02/21
Rhode Island Health Center Association (RIHCA)	N	09/01/17
Wakely	N	10/15/18
FCG (Strategic Consulting and Data Analytics)	Y	3/1/2019
Webster Bank	N	8/21/2013
Incomm	N	3/1/2016
FCG (Operations Management, Support and Professional Services)	Y	2/1/2020

# THE PROCUREMENT PROCESS

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- HSRI works closely with the Division of Purchases as we develop the RFP or other approach to procurement
- The Request for Proposal (RFP) process can take up to 12 months when federal approval is required
- Federal review and approval may be required prior to posting the RFP and again prior to signing the contract (up to 60 days each)



# CONTRACT MANAGEMENT

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- HSRI contracts are managed by members of HSRI's Senior Leadership Team
- HSRI staff use monthly, bi-weekly or weekly management meetings with the vendor's Engagement Manager, covering:
  - Budget to actuals
  - Upcoming needs and assignments
  - Review of deliverables, SLAs and KPIs (as applicable)
  - Renewals or other amendments (as needed)
- The assigned SLT member is responsible for invoice review and approval
- For shared contracts, MOU terms apply



# SERVICE LEVEL AGREEMENTS (SLAs) AND KEY PERFORMANCE INDICATORS (KPIs)

- SLAs encourage vendor compliance with key program deliverables
  - Liquidated damages are applied when SLAs are not met
- SLAs enable HSRI to manage performance during critical times of our business cycle
- SLAs are measurable and reported on daily, weekly, and/or monthly, depending on the metric
- KPIs bring urgency to performance of recurring activities and critical business functions
- Both can offer the state timely, actionable information
  - Error trends
  - Training opportunities



# CONTRACT MANAGEMENT

Department of Transportation

RHODE  
ISLAND



# DOT CONTRACT MANAGEMENT

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**RIDOT has approximately 1500 purchase orders for the entire department.**

**Presentation focuses on Construction contracts that are not substantially complete as of 12/31/2021**

**There are 35 construction contracts with a construction value of \$1.16B.**

01

Approach and Systems

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02

Day to Day Management and Invoicing

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03

DBE/MBE

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04

Performance Metrics/Milestones

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# DOT CONTRACT MANAGEMENT

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Projects assigned to Construction Management are primarily tracked in 2 systems

- 1) Headlight is used to document and track all construction activity on a project
- 2) Project Management Portal (PMP) is used to track the coordination of shop drawings, RFI's, materials testing, certificates of compliance and processing of contractor payments following the approval of the contractor invoicing process

The Construction team adheres to the blue book as well as the PURK manual which outlines all requirements that field personnel must follow.

Additionally, the Managers in Construction and Materials Management regularly meet with or consult with Federal Highway Administration (FHWA) engineers in order to review Federal guidelines and requirements.

# DOT CONTRACT MANAGEMENT

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- Day to day work is managed on each project by the resident engineer that supervises a small staff of inspectors and a record keeper.
- On larger projects staff may be enhanced with an additional resident engineer and his/her team of inspectors or procured personnel.
- The Area resident is responsible to provide support, guidance and supervision to the resident engineer with a Managing Engineer(Registered Professional Engineer, P.E.) available to both the resident engineer and area engineer for supervision, guidance etc.
- The resident engineer reviews and approves an invoice for accuracy of items on the invoice.
- The project manager reviews and approves a contractor invoice to ensure it is within budget.
- DOT's financial system will not allow an invoice to be processed if there is not enough funds in the Purchase order.

# DOT CONTRACT MANAGEMENT

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**RIDOT is subject to federal requirements including compliance with federal MBE/DBE contracting goals. These definitions and requirements are distinct from the definitions of MBE and DBE as defined under state law, and unique to RIDOT as a state agency.**

- A DBE/MBE goal is set prior to a contract being advertised and it is part of the public bid.
- A DBE goal is used for Federally funded projects and a MBE goal is used for State funded projects.
- The responsibility of meeting a DBE/MBE goal is the responsibility of the Contractor.
- The contractor must provide evidence of meeting the DBE/MBE goal or a demonstrated “Good faith effort” to meet the goal prior to payment of retainage monies.
- PRISM is a software used by DOT to track DBE goals within contracts and this software drives the required Federal reporting requirements.

# DOT CONTRACT MANAGEMENT

- The RIDOT Performance Management staff are responsible for tracking key performance measures consistent with the Departments mission.
- RIDOT also publishes a quarterly report that shows different milestones for projects including award date and substantial completion date, both which are dates in the contracts.
- Further details are available at: <https://www.dot.ri.gov/accountability/index.php>

