



Contract Management

Current Environment Assessment

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Note: This process currently is not dependent on any significant system support; therefore, no system interfaces or technical flows are documented.

Functions

The Financial Partners Channel (FPC) Contract Management core functions are to:

- Develop and analyze task orders
- Develop and review statements of work
- Oversee contract maintenance
- Accept/reject bills from contractors

Contract management performs these functions in conjunction with the ED Contracts personnel to set-up, administer, and maintain contracts which support the FPC's operations. However, the Contract Management primary objectives are to:

- Articulate FPC's procurement needs to ED Contracts, contractors, the panel, and other internal groups
- Assure that all of FPC's user requirements are met by services procured
- Assure that all contracts procured by the FPC meets user requirements, are within allotted budget, and produces the most value for each dollar expended
- Ensure contract fulfillment billing/payment compliance
- Handle all other administrative tasks associated with maintaining the contract during its lifetime

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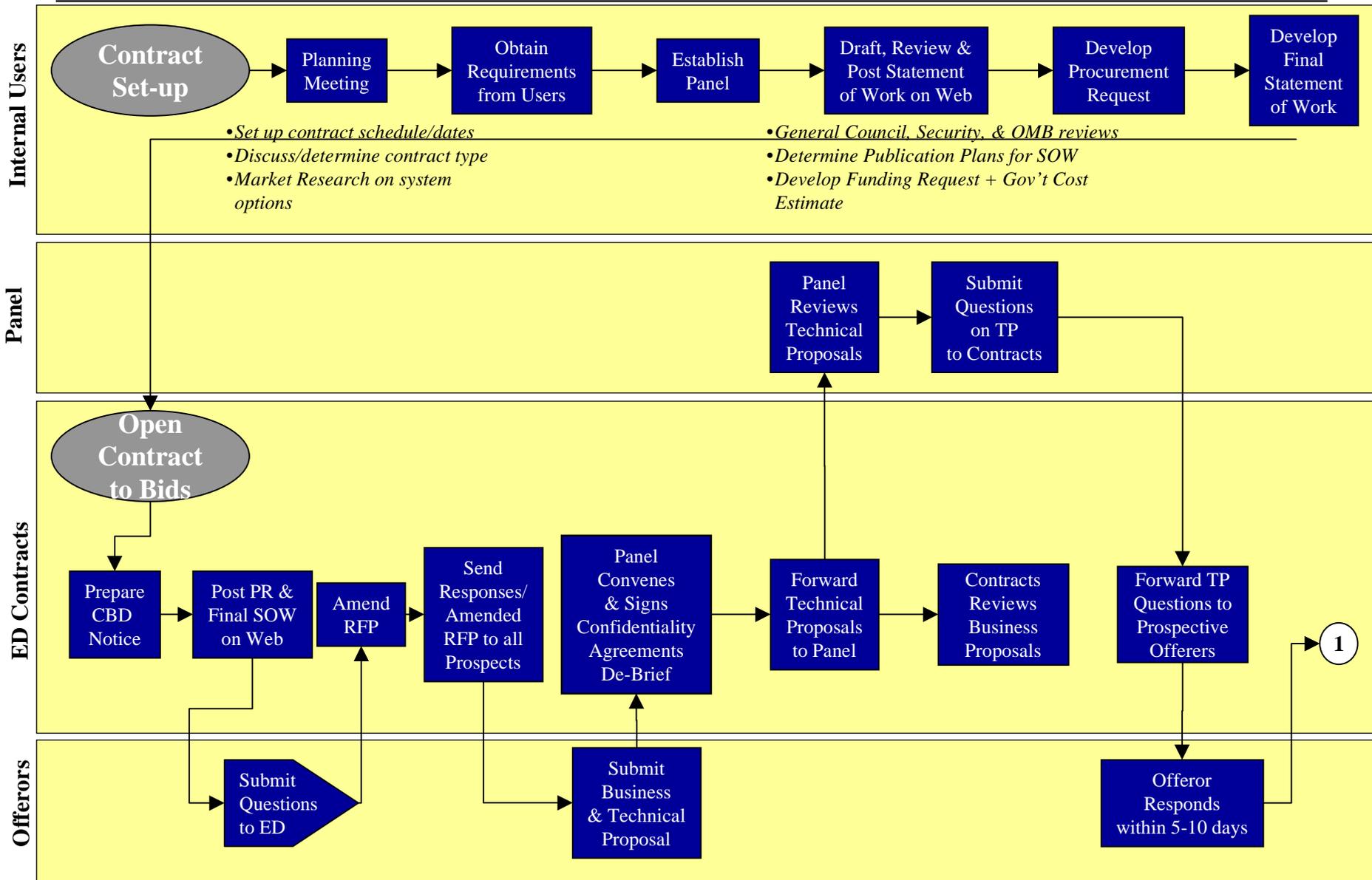
High Level Process Flows and Requirements

The purpose of this section is to provide an overall picture of the processes that comprise the Contract Management functions within the FPC. This section also includes contract administration process flows and high level requirements.

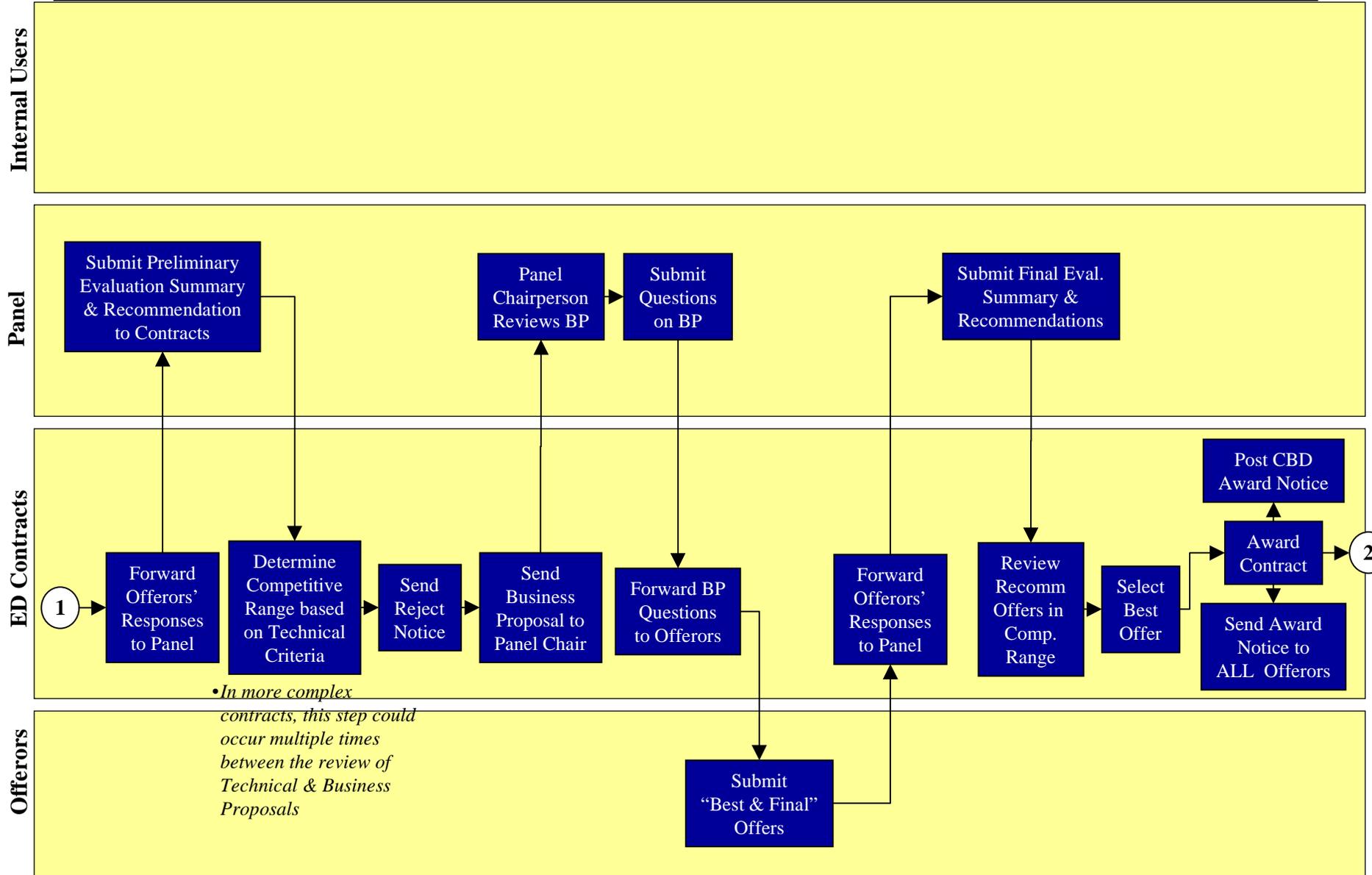
The process flows provide a high level overview of the tasks that support the Contract Management functions. It also demonstrates the general sequence of events and the outputs of those processes.

The high level requirements describe the main functions of each process step and business rules that must be followed.

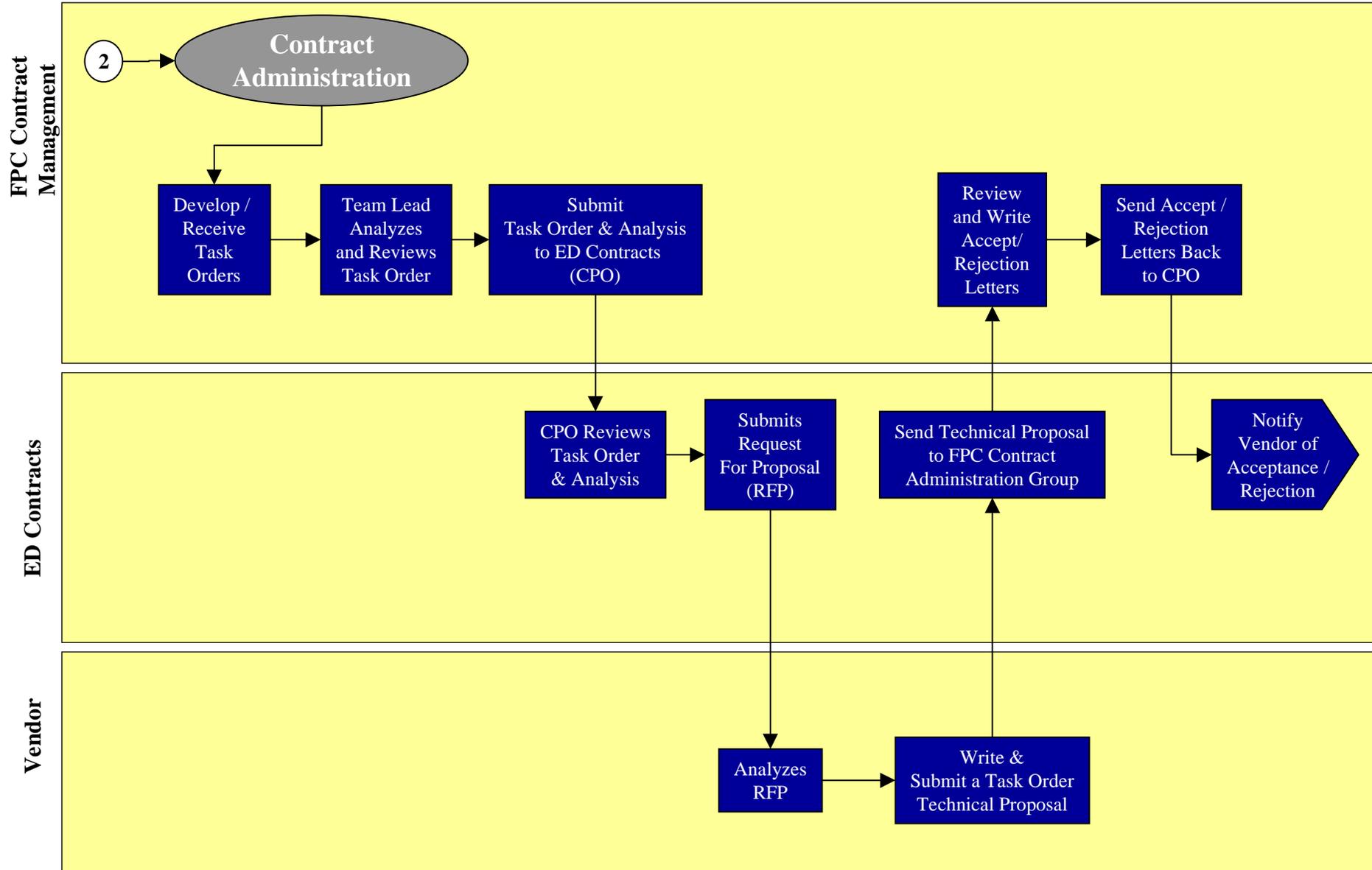
High Level Process Flow - Contract Management



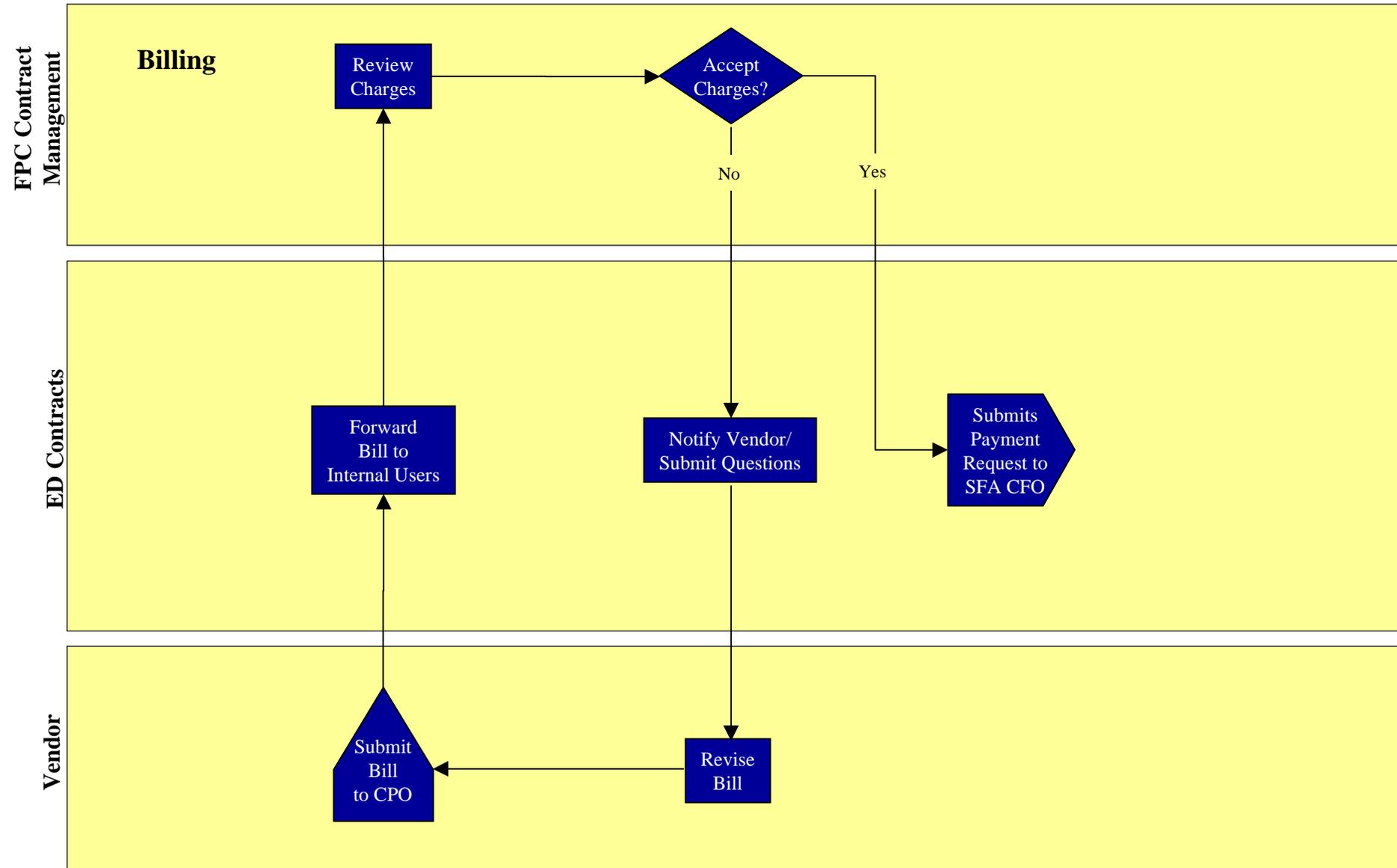
High Level Process Flow - Contract Management



High Level Process Flow - Contract Administration



High Level Process Flow - Contract Billing



High Level Requirements - Contract Management

Contract Setup

- The overall purpose of the Contract Setup process is to organize and prepare for the procurement/bidding process by establishing the contract, establishing a panel to evaluate vendor proposals, notifying the public, and securing human and non-human resources to pursue procurement efforts. This process is primarily the responsibility of the internal users, or the requestor of the contract. However, the Department of Education Contracts group is also involved in some steps.
- This process begins with a planning meeting in which targeted contract dates are scheduled, market research on system options is conducted, and the type of contract to be used is determined. The types of contracts are:
 - New
 - Re compete
 - Sole Source Extension
 - GSA Schedule Buy
- An activity in this process is to obtain business requirements from the end user group and translate these into technical requirements, if necessary.
- A key step in this process is to establish a panel whose purpose is to review and rate proposals from vendors. The Panel is comprised of various internal stakeholders, including representatives of the end user group, representatives of the ED Contracts, as well as representatives from the SFA CIO office. In this process the panel members are chosen, however, the panel is not yet convened.
- A key output of this step is to complete and post a draft Statement of Work on SFA's web site. The Statement of Work is then reviewed by the general public, including the General Council, Office of Management and Budget (OMB), as well as other key stakeholders in the community. Simultaneously, the Department of Education contracts group prepares a notice and publishes it in the Common Business Daily (CBD).
- The final step in this process is to develop a procurement/funding request to secure funds from SFA to pursue the project and the contract. The amount requested is calculated using government cost estimates. The approval on the project/contract/funding request is weighed against other such requests within the SFA enterprise. The criteria for approval depends on the relevance of the project to SFA enterprise-wide goals, and its relative cost-benefit compared to those of other projects.

High Level Requirements - Contract Management

Open Contract to Bids

- The purpose of this process is to open the contract to bids from the vendor community, scrutinize the bids, and evaluate them. Most of the activities that comprise this process occurs with ED Contracts; however, the Panel is involved in the review of the technical proposals.
- The first few steps in this process announce the contract to the vendor community by preparing a notice to be published in the Common Business Daily (CBD) and publish the final Statement of Work and Procurement Request (PR) on the SFA web site. Once these items are published the vendor community (“Offerors”) submit questions to SFA, whereafter, a question and answer period ensues during which time the Request for Proposal (RFP) may be amended. Any amendments to the original RFP are sent to all vendors who are prospective bidders.
- Next, the Panel (chosen by the Internal User Group) is convened and Panel members are made to sign a confidentiality agreement. This occurs before panel members see any of the vendor proposals.
- Vendors will submit their proposals once the RFP is finalized. There are two parts to the proposal:
 - the Technical Proposal - outlines in detail the technical aspects of the contractor’s proposed work effort
 - the Business Proposal - describes how the contractor’s proposed work effort will help the users to reach their business goals as well as the contractor’s proposed feesTechnical Proposals are forwarded to the Panel, while the Business Proposals are reviewed by ED Contracts and the Panel Chairperson. Another question-answer period ensues as Panel members and the Panel Chairperson attempt to clarify certain points in the vendor’s Technical and Business proposals. During this period all correspondence to and from the vendor goes through the ED Contracts group and they become the primary contact point for the vendors.
- After reviewing all proposals the Panel ranks the vendors’ proposals and submits an evaluation and recommendation to the ED Contracts group.
- The ED Contracts group then attempts to determine the competitive range (i.e., the finalists) based on how well the vendors’ proposals meet the user group’s technical criteria. The process can be an iterative one as the competitive range is altered during the reviews of the Technical and Business Proposals. Vendors that are considered out of the range are sent reject notices.
- At this time the Business Proposals of those vendors still being considered are scrutinized more carefully. During the question-answer period that ensues vendors have an opportunity to revise their proposals and submit their “best and final” offers. The Panel re-reviews the final offers and submits a final recommendation.
- Based on the recommendations of the Panel ED Contracts selects the vendor and awards the contract. All vendors who bid are sent the award notice and the notice is published in the CBD to notify the public.

High Level Requirements - Contract Administration

Contract Administration

- The purpose of this process is to develop the task orders that fall under the awarded contract. This process also involves reviewing the task order technical proposals submitted by the Contractor and awarding the Task Order. This process is primarily the responsibility of the FPC Contract Management group as it is the responsibility of the channel which is sponsoring the Task Order and overall work effort. However, the ED Contracts group may act as a liaison between the Contractor and the FPC's Contract Management group.
- The process is similar to that of awarding the overall contract, except that the responsibilities of the Panel and the Internal Users are now within those of the FPC Contract Management group. In addition, because the contractor was already chosen for the Contract, there is no bidding process for the Task Order.
- Once the overall Contract is awarded the FPC Contract Management group will develop Task Orders for each piece of the work effort outlined in the contract. The Task Order is then reviewed by the Office of the Inspector General (OIG). In addition to developing the task orders the group will develop a Statement Of Work (SOW) and a Procurement Request (PR) which will be submitted to the ED Contracts group.
- The ED Contracts group (CPO) will develop a Request for Proposal (RFP) and will send it to the Contractor.
- The contractor then submits questions to the FPC Contract Management group via the ED Contracts group. A question-and-answer period ensues during which time the task order may be amended by the ED Contracts group.
- Next, the contractor will submit their technical proposal to the FPC Contract Management group via the ED Contracts group and another question-and-answer period ensues during which time the task order technical proposal may be revised by the contractor.
- Finally, the task order technical proposal is approved by both the FPC Contract Management group and ED Contracts and the contractor is free to begin the work outlined in the approved Task Order technical proposal.

High Level Requirements - Contract Billing

Billing

- The purpose of this process is to scrutinize bills and compare them against the work done by the Contractor to assure that the FPC pays an appropriate and fair amount for work that the contractor has done. In addition, it assures that the work done and all dollar amounts billed are in compliance with the Task Order and the approved Task Order Technical Proposal.
- The contractor submits all bills to the ED Contracts group, which forwards it to the FPC Contract Management group for review. The FPC Contract Management group will scrutinize the bill and assure that all work done is satisfactory and in accordance with the line items on the bill.
- If there are any questions or disputes on the bill, the FPC Contract Management Group will reject the bill and send questions to the Contractor via the ED Contracts group. The Contractor will then revise the bill (after discussion with the ED Contracts group and FPC Contract Management group, if necessary) and resubmit to ED Contracts, who then forwards to FPC Contract Management for review and approval.
- Once the bill is approved by the FPC Contract Management group, the ED Contracts group will fill out and send a Payment Request form to the SFA CFO office. The CFO will do necessary checks and forward the request to the Treasury Department who issues payment to the Contractor.

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Process Metrics

This purpose of this section is to establish metrics that will provide a basis for comparison between pre-reengineering and post-reengineering processes.

These metrics are subject to change as the reengineering team identifies new metrics and details upon further analysis of the Contract Management processes.

Process Metrics

Key Metrics for FPC Contract Management Activities

Process	Typical Process Duration	FTEs/ Time Spent ⁽¹⁾	Key Personnel Costs ⁽²⁾	Additional Costs
Set Up Contract (New/Recompete)	9-18 months	2/ 9 months	\$111,000	\$3,000 ⁽³⁾
Exercise Contract Option	60 days	2/ 5 days	\$2,850	-
Perform Sole Source Extension	9-18 months	1.5/ 6 months	\$55,500	\$225
GSA Schedule Buy	6-8 months	2/ 4.5 months	\$55,500	-
Contract Maintenance (Billing Activities)	continuous	6/ full time	\$444,000 annually	\$10,000 annually ⁽³⁾

(1) Time spent are estimated average times

(2) Represents key personnel costs at assumed \$74,000 annual compensation

(3) Represents potential travel costs to contractor site(s)

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Comparative Assessment

Objectives

This section provides a summary comparison of best practices to current Financial Partners Channel practices and identifies reengineering opportunities for improvements. The ranking provided indicates the degree to which current FPC practices are consistent with best practices.

- = Current FPC practices are consistent with the best practice standard with opportunities for enhancements to fully utilize the capabilities
- ◐ = Current FPC practices partially meet the best practice standard with opportunities for improvement in the area
- = Current FPC practices are not consistent with best practice standard with major opportunities for improvement in the area

Summary

The function of contract management is best served as a coordinated effort at the enterprise level to:

- Increase the consistency of performance and contractual measures across contracts for the enterprise
- Reduce contract management costs
- Improve vendor relations by providing consistent information and requirements across contracts and over time

Comparative Assessment

Best Practice	Current FPC Practice	Ranking	Opportunity
Performance-based servicing contracts (PBSCs) should emphasize the purpose of the work to be performed rather than how it should be performed, focusing on objective assessments of contractor performance.	Performance-based contracts are beginning to be developed for new contracts.	●	Continue to implement performance based contracts for both new and existing contracts (especially for sole source extensions and large dollar value contracts).
Management direction and support for PBSCs should be at the highest agency levels possible.	ED Management currently supports performance-based contracting.	◐	Implement at enterprise level to ensure consistency across departments and functions.
A Quality Assurance Plan (QAP) should be developed which corresponds directly to the performance standards and directly measures contractor performance.	Quality Assurance Plans are developed for specific contracts but not directly tied to contractor payments.	○	Develop QAP standards and develop measures in direct relation to contract type and payment structure.

- Key:*
- *Current FPC practices correspond with best practices*
 - ◐ *Current FPC practices partially follow best practices*
 - *Current FPC practices do not correspond with best practices*

Comparative Assessment

Best Practice	Current FPC Practice	Ranking	Opportunity
Development of standardized acceptable quality levels (AQL) should be at the enterprise level.	Quality indicators are currently applied to specific contracts, but not at the enterprise level.	◐	Develop enterprise level standards that can be tailored to each contract.
Positive and negative incentives should be used in combination with defined AQLs and refined to motivate contractor efforts and discourage inefficiency.	Only positive incentives are currently applied to specific contracts.	◐	Develop incentives that support AQLs and are consistent with the appropriate contract type (e.g., fixed price, cost reimbursement, value-based pricing).
Quality assurance performance monitoring should be well defined and focus on performance requirements, task criticality, task cost/criticality ratio, and available resources (e.g., 100% inspection, random sampling, customer input).	Contract performance monitoring does not currently exist.	○	Establish an enterprise level QA to consistently monitor contractor performance in coordination with billing function.

- Key:*
- *Current FPC practices correspond with best practices*
 - ◐ *Current FPC practices partially follow best practices*
 - *Current FPC practices do not correspond with best practices*

Comparative Assessment

Best Practice	Current FPC Practice	Ranking	Opportunity
Training for program and personnel should be at the enterprise level to ensure consistent contract terms and performance measures across contracts.	Training programs have begun to increase knowledge and awareness of performance-based services.	●	Continue PBO based training and include contract development and administration for all affected personnel.
Contract administration should be a coordinated effort across departments and offices and reinforced by management at the enterprise level.	Contract administration is currently performed on a contract-specific basis.	○	Program, QA, Contract Administration and Billing should be coordinated at the enterprise level for consistency across contracts.
Conflict resolution processes should be defined consistently (at the enterprise level) for all contracts and focus on the least costly and most expeditious methods possible.	Conflict resolution procedures are currently defined on a traditional basis (e.g., claims and litigation).	○	Focus conflict resolution on prevention through open communication and facilitation of disputes through mediation and arbitration.

- Key:*
- *Current FPC practices correspond with best practices*
 - ◐ *Current FPC practices partially follow best practices*
 - *Current FPC practices do not correspond with best practices*

Comparative Assessment

Best Practice	Current FPC Practice	Ranking	Opportunity
Public documentation, including RFPs, contractor performance standards, etc., should be disseminated and received electronically, where possible.	Specific public information is provided electronically through department-specific web sites.	◐	Continue to implement and standardize publicly available information at the enterprise level.

- Key:*
- *Current FPC practices correspond with best practices*
 - ◐ *Current FPC practices partially follow best practices*
 - *Current FPC practices do not correspond with best practices*