



Metropolitan Government of Nashville and Davidson County - Finance Dept. Policy: Contract Risk Management

Effective Date: January 31, 2018

Revision Date: N/A

Policy Number: N/A

Sponsor: Department of Finance - Procurement Division

Purpose

Establish uniform guidelines for awarding and monitoring of high risk service contracts.

Definitions

Administering Department: Procuring departments responsible for providing the services delivered through High Risk Service Contracts.

High Risk Service Contracts: Contracts, regardless of dollar value, entered into by the Metropolitan Government for services to be delivered to the public, which may include services to children, the elderly and other vulnerable populations.

Pre-Award Checks: Pre-award reviews necessary to determine the responsibility of the vendor which may include but are not limited to an internet search on the vendor and key personnel, pre-award background and credit checks of key personnel to be performed by Procurement Division staff; a review of the financial strength of the company, a review of any relevant articles, checks of past performances and verification of submitted references.

Post Award Conference: A formal or informal conference with *ALL* key vendor personnel responsible for administering the contract, held as soon as possible after award but before completion of contract approval. The purpose of the post award conference is to discuss all contract and performance related issues in an effort to ensure appropriate contract administration and to manage expectations.

High Risk Contract Monitoring: Monitoring activities undertaken by Administering Department staff or Office of Financial Accountability (OFA) staff as directed by the Procurement Agent. While typically desk reviews, High Risk Contract Monitoring may also include site visits and shall include at a minimum:

- 1) A review of the achievement of performance measures as required by the contract; and
- 2) Reviews of contractor invoices to determine if:
 - a. fee rates and expenditure items are permissible under the contract; and
 - b. supporting documentation adequately supports invoices

General Policies

The Purchasing Agent shall establish specific procedures for procurement activity resulting in High Risk Service Contracts, including Purchasing Agent notification to an Administering Department that a service contract is determined to be high risk.

Service contracts determined to be high risk shall require enhanced oversight activities including Pre-Award Checks, Post-Award Conferences, and High Risk Contract Monitoring. The Administering Department or OFA, as determined by the Purchasing Agent, shall perform high risk monitoring of the contract to include at a minimum the elements included in the definition of High Risk Contract Monitoring.

All Administering Departments shall submit a report of the monitoring activities of High Risk Service Contracts to the Purchasing Agent no later than July 31st annually. Should a department become aware of any significant



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performance or compliance issues related to a High Risk Service Contract at any time, the department should immediately notify the Purchasing Agent.

The Purchasing Agent shall review the annual reports and determine corrective action needed, if any. This review shall be performed and documented, and a summary report will be submitted to the Director of Finance no later than September 1st, or within one week of notification of significant performance or compliance issues arising outside of the routine reporting period.

Applicable Local, State or Federal Regulations

Section 8-103 of the Metropolitan Charter: "The director of finance shall be responsible to the mayor for the administration of the financial affairs of the metropolitan government".

Associated Policies

None.

Effective Date

This Policy Statement shall become effective upon issuance and shall be applied to all Metro departments and agencies.

Approvals

Approval of the Director of Finance

I hereby approve this Policy Statement of the Department of Finance and as such agree with and authorize the actions necessary to implement its requirements.

Talia Lomax-O'dneal

Director of Finance

Date: January 31, 2018