

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

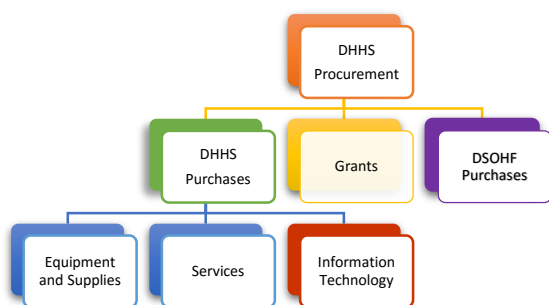
August 1, 2016

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.¹ 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.

¹ 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.² 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.³

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.



² These policies and procedures can be obtained at <https://www2.ncdhhs.gov/info/olm/manuals/dhs/pol-70/man/>.

³ 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:⁴

- 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 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

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

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.