

Contract Manager's Handbook

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Your procurement partner

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1 Introduction

1.1 Purpose of the Contract Manager's Handbook

The purpose of this Contract Manager's Handbook (Handbook) is to provide Departmental Contract Managers the guidelines for managing service contracts.

This Handbook includes the steps necessary to request service contracts. Also included are the roles and responsibilities of Contract Managers in monitoring and managing those contracts, including amending and renewing service contracts. For details on Architectural and Engineering (A&E) contracts, contact your A&E Coordinator.

Policy memoranda issued subsequent to the revision date of this Handbook may change processes and/or requirements, including, but not limited to, review or approval.

Errors, omissions, and suggestions for corrections to this Handbook should be sent to: Division of Procurement and Contracts (DPAC), Policy Branch, Mail Stop 65. Contract Managers should periodically check DPAC's Intranet site for updated versions of this Handbook.

1.2 Importance of Contract Management

Contract Managers play a very important role throughout the contracting process. As representatives of both the Department of Transportation (Caltrans) and the State of California, Contract Managers are responsible for the following:

- Develop detailed descriptions of services
- Service request(s)
- Ensure compliance with contract provisions
- Monitor Contractor's progress to ensure work is on schedule, complete, and acceptable
- Approve products and/or services
- Review invoices; monitor expenditures
- Authorize payments
- Timely request for contract renewals or amendments when necessary
- Contract close out

DPAC provides support and guidance to Contract Managers in the development and management of all service contracts and is responsible and accountable for the service contracts process.

The Departmental Procurement and Contracting Officer (PCO) is the Chief of DPAC and is responsible for the implementation of and adherence to all laws, rules, and policies concerning service contracts. Only Departmental personnel who have delegated authority from the PCO, and whose names are on file at Department of General Services (DGS) Office of Legal Services (OLS), may sign contracts.

DPAC and Contract Managers work together to ensure necessary services are procured in accordance with and in compliance to State laws and regulations and aid in the successful operation of the total delivery of services.

1.3 Authority to Enter Into Contracts

Caltrans' authority to enter into contracts comes from two primary sources:

Delegated Authority from the DGS Statutory Authority from State laws (various Codes and the California Constitution (Article XXII) including, but not limited to, Public Contract Code (PCC)10351, Government Code (GC) 11256, GC 14615, Streets and Highways Code (SHC) 135, SHC 136, SHC 136.1, and PCC 10295.

1.4 Ethics and Conduct

Ethics are the principles of conduct governing an individual or a group. Actual or suspected irregularities affecting State funds or operations must be reported to Caltrans' Division of Audits and Investigations (Audits). Irregularities include fraud, embezzlement, malfeasance, or any other attempt to misuse State resources or interests, either by State employees or others dealing with the State.

Contract Managers shall not accept, directly or indirectly, any gift, loan of money or equipment, meal, lodging, transportation, entertainment, service, or any other favor of value from any person (including individuals, firms, corporations, partnerships, associations, other governmental bodies, or agents and representatives for such person) who is doing or seeking to do business of any kind with a Contract Manager's appointing authority. It could be inferred that the gift was intended to influence a Contract Manager in his/her official duties or was intended as a reward for any official action performed by the Contract Manager.

All favors should be refused courteously. All gifts received shall be returned, unless they are items of no real value that are mass distributed by firms. The return of these gifts can be at the expense of Caltrans through one of its mailrooms, and may include any needed insurance. Perishables of value should be given to a local charity, with the person who sent the gift being informed of this action. Occasionally, circumstances occur in which payment by others for a meal cannot be avoided without excessive rudeness. Under such circumstances, there would be no violation of this policy as long as the value involved is modest and the situation occurs infrequently.

Contract Managers shall not accept any construction materials or equipment of even nominal value from Contractors. In the event that materials and equipment are offered, Contract Managers shall advise their supervisors immediately of the Contractor's intent to influence a favorable action by the State, regardless that these favors have been refused.

Contract Managers who have been given authority to make outside purchases of materials or services shall not make such purchases from any business entity in which they have financial interests. In addition, employees are prohibited from using their positions in state government to bestow any preferential treatment or benefit to anyone having any family, business, or social relationship to them. Even if Contract Managers have no intention of being unethical, the appearance of questionable or unethical practices are just as detrimental to employees, Caltrans, and the State. These practices and appearances shall be avoided.

Resolution of any questionable relationships or practices should be forwarded to the PCO in DPAC.

Contract Managers are subject to disciplinary action for violation of policies as noted above.

Conflict of Interest/Incompatible Activities

Departmental policy on conflict of interest is intended to meet the requirements of California's Political Reform Act of 1974, as amended. A conflict of interest occurs when an employee's actions are, or appear to be, for the employee's private advantage or gain or the private advantage or gain of another, rather than the public good.

Departmental policy on incompatible activities, as defined in Deputy Directive DD-09-R5, Incompatible Activities and Conflict of Interest, prohibits the following as activities inconsistent, incompatible, or in conflict with the duties as state officers or employees:

- using the prestige or influence of the State or the appointing authority
- use of State time, facilities, equipment, or supplies
- use of confidential information available by virtue of State employment

A State agency is prohibited from entering into a contract in which a State officer or employee will engage in any employment or activity funded through a contract, unless the employment or activity is required as a condition of the officer's or employee's regular State employment. In addition, no State agency may contract with a State officer or employee to provide consulting or other services as an independent Contractor.

Departmental Contract Managers may not willfully engage in any other employment or activities which are illegal; which are or give the appearance of being incompatible or in conflict with their profession, Caltrans, or the State; or have an adverse effect on the confidence of the public in the integrity of the government.

2 Requesting a Service Contract

2.1 Overview

Before the service contracting out process begins, there are several considerations to be addressed. First, are there materials and/or commodities involved in the acquisition of service? Second, are California Labor Code (LC) prevailing wages involved in the acquisition of service labor? Third, is it a defined emergency situation? These questions are considered and answered before proceeding with requesting a service contract.

2.2 Materials versus Services

Contract Managers must accurately determine the proper process for procurement of a commodity. If 50 percent or more of the total expenditure is for service and labor, as opposed to the product, then a service contract must be written. In cases where the product is 50 percent or more of the total expenditure, a purchase order must be written.

See the State Contract Manual (SCM) Volume Fi\$Cal, Section 2.B2.5 to help distinguish between goods from services:

When determining if an acquisition is for goods or services, the following concepts should be considered:

- Does the contract have as its sole or main purpose the acquisition of tangible items, such as equipment, parts, supplies or other merchandise?
- What is the main value of the contract – the good or the service? If the main value is a good with minimal or no services, it is handled as a good.
- If the main value is the service, the transaction should be treated as a service contract.
- Non-IT services included with the purchase of non-IT goods may not exceed \$9,999.99 and must be directly related to the purchase of the goods, such as set up or installation. Non-IT services such as maintenance is not allowed and must be procured separately under the SCM, Vol. 1 unless available on a leveraged procurement (LPA) contract.
- Large-scale system integration projects are classified as IT services.
- When in doubt, contact DPAC.

2.3 Prevailing Wages

California LC governs the payment of state prevailing wages. The LC requires that contracts exceeding \$25,000 for a public works construction project; or \$15,000 for

alteration, demolition, repair, or maintenance and installation, shall provide that all workers be paid not less than the predetermined general prevailing wage rate (GPWR), (including the GPWR for holiday and overtime work). The prevailing wage rate (PWR) is based upon the worker's actual working classifications for the locality (county) in which the work is performed, regardless of the type of contract or the working title of the employee.

A special rate is established for a worker classification not already included in the general prevailing wage determination issued by the Department of Industrial Relations (DIR), Division of Labor Statistics and Research (DLSR). The DLSR will determine a special rate on an as-needed basis for a specific classification for the county in which the work will be done.

State Prevailing Wages apply in the following cases:

- Construction or demolition work
- Maintenance/repairs performed on state-owned real property
- Repairs of installed equipment (affixed to state-owned real property)
- Landscape maintenance (Community-based Rehabilitation Programs, formerly known as Sheltered Workshops, are excluded)
- Land Surveying, e.g. survey party chief, rodman/chainman, flagger
- Materials sampling and testing (personnel operating drilling rigs/cranes, pile drivers, or testing materials, e.g. concrete/asphalt testing)
- Construction inspection and/or inspection of materials at the project site or offsite

In some instances, scopes of work that appear to fall outside of these general categories may be subject to PWR requirements. Contact your District Labor Compliance Officer (LCO) or Headquarters Construction, Labor Compliance, if you are not certain.

If one or more contracted services require payment of PWR, then contracts must contain PWR provisions, e.g. contracts for landscaping and janitorial services. Janitorial services do not require payment of PWR; however, landscape maintenance generally does.

Whether or not maintenance work requires payment of PWR may depend on whether the maintenance is performed on the real property itself, on a fixture that is attached to the property, or on mobile equipment. Maintenance of real property and state facilities is subject to PWR requirements. Fixtures are considered to be a part of the real property, while mobile objects are not. Things that can be bolted and unbolted from the structure fall into a gray area, and whether or not prevailing wages are required may not be readily discernible. PWR requirements may apply in instances where maintenance of mobile equipment is done as part of a larger public work.

PWR requirements and information is complex. Seek assistance from your departmental regional/district LCO.

Contract Managers should never contact DIR or any of its divisions with questions regarding PWR requirements. Caltrans' District LCOs, Headquarters Construction, Labor Compliance, and Legal Division are available to provide technical and legal prevailing wage support to contract managers as a function of Caltrans' approved Labor Compliance Program.

By law, Contract Managers are required to brief Contractors and subcontractors on federal and state labor law requirements applicable to the contract, such as all PWR and apprenticeship requirements at a pre-job conference, or contract “kickoff”, prior to the start of work.

A record of the briefing (such as the Labor Compliance Pre-job Checklist) and an attendance sheet signed by the Contractor must be maintained. The record fulfills the regulatory requirement and becomes a permanent part of the contract file that will be available should disputes occur later.

2.4 Emergency Contracts

Per PCC 1102, an emergency is defined as a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

Emergency contracts are for services required to immediately avert, alleviate, or repair damage or destruction to state property or to protect the public health, safety, or welfare. Generally, these are public works contracts involving construction, alteration, repair, or improvement of any public road, structure, building, or public improvement of any kind; however, they can involve other types of emergencies. If you are not certain if you services are a true emergency, contact a DPAC Branch Chief in the Non-IT Contracts Office.

Environmental laws and regulations; permit requirements; other state, federal and local regulations; or any other requirement normally placed on a Departmental project are not waived for emergency contracts. Business enterprise goals for Disadvantaged Business Enterprise (DBE) and Disabled Veteran Business Enterprise (DVBE) are waived for emergencies. However, during a declared disaster, the Governor may issue an Executive Order providing relief from state and local regulations. Experience has shown that relief from federal regulations may be obtained through informal negotiations with federal resource agencies. This should be done as soon as possible after damage has occurred.

This usually does not allow enough time to advertise and prepare bid documents in the method prescribed for other contracts. The State Administrative Manual (SAM) Section 1233 exempts emergency contracts from advertising in the California State Contracts Register (CSCR); however, **contract managers should make every effort to secure the lowest possible bid through an informal bid process.**

Contracts for emergency services must include all the provisions required in any contract of its type.

Types of Emergency Contracts

Emergency contracts include:

- Emergency Force Account (EFA): direct costs plus prescribed mark-up on labor, materials, and equipment rental
- Emergency Limited Bid (ELB): direct costs plus (informally) bid upon mark-up on labor, materials, and equipment rental
- Emergency Bare or Operated Equipment Rental
- A&E, Environmental, or related technical services
- All other emergency services

Emergency contracts require more approvals than non-emergency contracts. For detailed information on the emergency contracts process, refer to the [DPAC Intranet](#).

Architectural and Engineering Services

Always check with DPAC for guidance regarding any emergency A&E contract.

There are two processes for obtaining emergency A&E consultant services:

1. A&E Emergency Restoration Services
2. Emergency Opening A&E Services

Depending on the critical nature of the services one or the other may be used. Immediately contact DPAC to initiate an A&E contract for emergency services.

Director's Orders cannot be used to initiate A&E services. The A&E Service Contract Request (ADM-0360AE) initiates requests for A&E services. These ADM-0360(s) require a District Director's signature on them when submitted to DPAC.

Highway Equipment Rental

Emergency bare or operated equipment rental cannot exceed 60 calendar days without competitive bidding. The exception is when the Governor declares a state of emergency for the affected counties and by proclamation or executive order waives the state contracting statutes.

The following chart displays the required approvals needed to start work on the various types of emergency contracts.

Required Approval Signatures			
Type of Contract	Director's Order*	District Director	Dist. Director or Deputy Dist. Dir.
EFA's and ELB's	If > \$291,000		If < \$291,000
Emergency A&E, Environmental and Related Technical Services		X	
All Other Emergency Services			X

< *Less Than* > *Greater Than*

- * Requests for Director's Orders are to be submitted to the Maintenance Division Chief. The Director's Order shall accompany the ADM-0360 to DPAC. A fax copy is acceptable.

For other than Districts 1 through 12 contracts, the Division Chief's signature is required.

Authorization to Start Work for Emergency Services

An emergency contract does not have to be advertised. Work can begin before a contract is written, but only upon obtaining the required authorization(s):

Director's Order

A Director's Order is required before the Contractor can be authorized to start work on an emergency public works contract exceeding the current dollar limit. A Director's Order is also required for an emergency equipment rental contract (bare or operated) utilizing EFA procedures and exceeding the current dollar limit.

Requests for Director's Orders are to be submitted to the Maintenance Division Chief. An advance fax copy is advisable. Requests for verbal approval are acceptable with a formal written request to follow on the next business day.

Director's Order Guidelines and Decision Matrix are published by the Maintenance Program.

Director's Orders are used judiciously. Their use does not waive environmental, permit, and right of way requirements; business enterprise considerations; or the right to audit costs or procedures. When a Governor's Executive Order is issued that may relieve Caltrans from having to follow some state and local regulations and statutes, Caltrans continues to use Director's Orders to document the deliberate decision to use an emergency contract.

Failure to obtain a Director's Order prior to the initiation of an emergency contract may result in the denial of contract approval and possible loss of federal funding and Caltrans' delegation to award contracts.

District Director Approval

A District Director or the functional District Division Chief's approval is required for emergency EFA/ELB contracts before Contractors can start work, regardless of funding source. Approval memoranda must be attached to the ADM-0360 or signatures of designated approving authorities must be on the Approving Manager line of the ADM-0360.

Approval by District Directors or functional District Division Chiefs is required for emergency equipment rental (bare or operated) contracts. Approvals are required before Contractors can start work. Historically, initial approvals have been delegated to field maintenance supervisors in order to enable prompt incident responses.

District or Headquarters Division Chief

Approvals of District Directors or functional District Division Chiefs, or Headquarters Division Chiefs are required before Contractors can start work for **non-public works emergency service contracts**. Approvals must accompany ADM-0360 and signature of required approving authorities must be on the Approving Manager line of the ADM-0360.

Contract Managers should attempt to obtain necessary insurance certificates and bonds when awarding emergency contract to Contractors. Though not required by law to get these documents before emergency work begins, to protect the State it is prudent to urge Contractors to provide proof of insurance and any required bonds before starting work. Emergency contracts will not be executed without receiving all required documents.

2.5 All Other Contracts

A wide variety of contracts (non-emergency) are used commonly to obtain commercial services, public works, maintenance and repairs, equipment rental, consultant/personal services, interagency agreements, information technology (IT) services, and right of way services. For work/services identified as repetitive in nature, it may be appropriate to write two or three year service contracts. Contract Managers should contact DPAC for detailed instructions, as needed.

All A&E contracts may be written as either on-call or project specific contracts.

Please consult the on-line A&E Resource Center and A&E District Coordinators for specific A&E contract processes and questions. References to A&E contracts herein are for general knowledge only.

2.6 Requesting a Service Contract

Upon determining the need for a service contract, it is necessary to be knowledgeable of the steps and time frames required to process contracts. It is essential to allow time for the following:

- determining if there is an existing Master Services Agreement (MSA), Inter-Agency, or service contract already in effect for desired services
- preparation of a clear, specific, and detailed scope of work
- estimation of the amount of the contract and identification of the source fund (i.e. must ensure funds are available)
- completion of a ADM-0360, including securing necessary signatures and submitting the form to DPAC; instructions for completion of the ADM-0360 are available on DPAC's Intranet site

- completion of the solicitation process, which may take between 2-3 months from receipt of contract request to contract execution, depending on the applicable method of award (requires working closely with DPAC)
- ensuring all parties understand the provisions of the contract prior to contract execution
- finalization and execution of contract
- authorizing the Contractor to begin work

Defining Services Needed

When a service is needed, Contract Managers must identify if the need is for a continuation of existing essential services or acquisition of new and/or unique services.

Contract Managers must consider:

- the nature of the services
- what types of services are needed
- how necessary are they
- when are they needed
- if one-time or on-going services
- routine or extraordinary/unique
- existing or new service
- thorough scope of work
- internal procedures of requesting services
- possible and probable sources for services
- justifications
- whose and what approvals are needed; pre-approvals

Estimated Process Times for Service Contracts

Many factors can affect the processing time for executing a contract. Depending on the type of contract, there are advertising requirements, audit reviews, legal reviews, DGS reviews, Civil Rights reviews, and/or Office of Risk and Insurance Management (ORIM) reviews. Completeness of the original ADM-0360 package including the scope of work and prevailing wage considerations are also factors. It is advisable to submit your complete ADM-0360 package to DPAC using the lead times listed below by the type of Contract requested. These process times may become longer at fiscal yearend.

A&E with Request for Qualifications	2 Months
Non-Competitively Bid and Interagency Agreements, Amendments	2-3 Months
Commercial Services and Minor B Agreements (with Invitation for Bid)	3-4 Months
Consultant Services Agreements (with Request for Proposal)	5-6 Months

Preparing the Service Contract Request Package

Before preparing contract requests, get as much general information as possible to determine required services. Look online to see how Contractors invoice for services, e.g., hourly, lump sum, each time a service is performed, etc. Find out about surcharges in special situations. Determine if Contractors provide other types of services in conjunction with the service desired and if so, whether those services are included in the costs or involve additional charges. Obtain as much information as is necessary to write clear and precise specifications in service contract requests.

Refrain from showing favoritism and/or creating a situation where any Contractor gains an advantage.

Be responsive to DPAC’s request for information concerning requests.

Non-responsiveness may result in the request being returned. Do not send incomplete requests to serve as simply “placeholders” in an attempt to encumber funds.

Be sure to attach complete scopes of work outlining Caltrans’ and Contractors’ responsibilities and all special provisions for the work/services needed and have all funding approved. Contract Managers listed in contracts should be the same as listed on the ADM-0360.

Contracts for services should normally cover no more than 36 consecutive months. Contracts proposed for more than three years require justification to be sent by DPAC to DGS for approval.

Service contracts are requested by using the most current version of the ADM-0360. Contract Managers must fully complete the ADM-0360 and include all required attachments when submitting them to DPAC. Incomplete ADM-036s with missing information, signatures and dates, and/or attachments, will be returned. Given the tremendous volume of service contract activity, DPAC does not consider the “contract process” begun until a complete ADM-0360 package is received.

Your complete ADM-0360 request package, including scope of work, can be approved electronically and should be sent by email to contract.submittal@dot.ca.gov for non-A&E contracts and ae.contract.submittal@dot.ca.gov for A&E contracts.

Civil Service Consideration

It is the express responsibility of each person who processes service contracts to know the statutory authority under which contracting is permitted. This requirement pertains to both Contract Managers and DPAC Acquisition Analysts.

The State Constitution established requirements that civil service employees perform the work of the State; therefore, Caltrans must have the “authority” to enter into a

service or consultant service contract before it can be executed. GC, SHC, or PCC specify under what conditions contracting is permitted.

When submitting ADM-0360(s) to DPAC, justifications for contracting out must be documented and complete explanations provided.

Contracting is permissible under GC 19130(a) cost savings achieved through personal services, but requires a cost analysis be done, and approved by State Personnel Board. Savings generated through cost-savings based personal services contracting must justify the size and duration of the contracting agreement.

The savings requirements may be met on an overall, rather than a year-by-year, basis.

Contracting is permissible under GC 19130(b) when any of 10 conditions provided for in the section can be met. Refer to the ADM-0360 instructions for a list of the conditions.

Disabled Veteran Business Enterprise Goals/Small Business Goals/Disadvantaged Business Enterprise Participation

Certain businesses are eligible to be certified as a DVBE and/or a Small Business (SB). Firms interested in certification as a DVBE or SB should contact the DGS Procurement Division.

Caltrans is currently mandated to award at least 25 percent of contract dollars to certified SBs. Additionally, Caltrans strives to award at least three percent of contract dollars to DVBEs.

Caltrans also strives to increase the level of participation of disadvantaged businesses in all federal contracting activities. The overall statewide annual Department DBE goal is currently 17.6 percent. Pursuant to federal regulations, to participate in our program qualifying firms must first be certified as a DBE by the Office of Civil Rights (OCR).

Contract Managers have primary responsibility for setting DVBE Goals and achieving DBE participation. The OCR may assist Contract Managers in that effort. Non-competitively bid contracts and non-public agency contracts also are subject to the same goals.

When setting goals, Contract Managers should evaluate:

- the type of work to be performed
- items of work to be provided (materials, equipment, supplies, or services)
- availability of subcontractors in the area where the work will be performed generally recognizes a minimum of three certified firms within 100 miles of the project to indicate sufficient subcontractor capability)

Subcontractors must provide or perform a separate and distinct element of work that will be used during the term of the contract to fulfill the contract requirements.

Names of DVBE or DBE firms can be obtained in one of the following ways:

- Names of certified DVBE firms can be obtained from the [Cal eProcure website](#)
- Access the [OCR website](#) to find a certified DBE firm

Contract Managers requesting contracts be processed with no goals or percentages must place an “X” in the “No Goals” box on ADM-0360 and attach written justification approved by [OCR](#) prior to the submittal of ADM-0360 to DPAC. The justification for “No Goals” must contain a signature block for OCR and, if the estimated cost of the work is more than \$100,000, the signature of the HQ Division Chief or Deputy District Director is required on the justification. A list of potential certified firms that could perform as prime Contractors must be attached to the justification request submitted to OCR. Refer to the ADM-0360 instructions.

If contracts are funded entirely (100 percent) by state or state/local funds, Contract Managers set goals for DVBE subcontractor participation. If contracts are wholly or partially funded with federal funds, Contract Managers set percentages for DBE subcontractor participation. Goals may be set at less than or greater than (even up to 100 percent) the annual goal established by Caltrans for a specific solicitation, project, or contract.

Director’s Policy DP-13-R2, California Department of Transportation Disadvantaged Business Enterprise Program, issued April 2008, establishes a DBE Program responsible for increasing participation of DBEs in all Caltrans contracting activities and meeting the overall annual DBE participation goal in compliance with 49 Code of Federal Regulations 26.

Caltrans has an obligation to the DBE community and a mandate from the Federal Highway Administration (FHWA) to try to meet the overall statewide DBE goal of 17.6 percent for federally funded contracts.

Setting the DBE Participation Percentage

DPAC and OCR partner with Contract Managers in identifying whether or not DBE Participation is applicable by applying the following criteria:

- type of work to be performed
- dollar value of the contract
- subcontractable items available
- comparison to similar contracts with a DBE participation
- availability of DBEs in the area where the work will be performed

Contract Managers are strongly encouraged to set DBE Participation Percentages on contracts that have DBE subcontracting opportunities by applying the same criteria Contract Managers formerly used to set DBE goals.

If a participation percentage is not established, a no goal justification approved by OCR is required.

Scope of Work

Clear and concise Scope of Work (SOW) are critical elements of service contracts. SOWs must be organized in a logical manner.

Sort work details by similar actions or requirements. Clearly define roles and responsibilities of Contractors and Caltrans. Avoid misinterpretations of abbreviations,

acronyms, and jargon by completely spelling out terms the first time and not using in-house jargon. List all licenses, certificates, and /or specialized training that is required for the work/services. The California State Licensing Board website lists license classifications.

The SOW must contain all technical provisions necessary for proper and satisfactory completion of the contracted work/service. In order to obtain the end result desired, SOWs provided with the ADM-0360 must be as detailed and specific as possible about each parties' responsibilities, including, but not limited to, specifications, staffing, coordination, deliverables, progress reports, evaluations and acceptance. Contract Managers should write SOWs to indicate what qualifications and licenses are required to perform the work and to express when, where, and how the work/service is to be performed.

Contract Managers can also refer to SOWs of existing contracts for assistance. If a contract is being renewed, for example, and the existing SOW serves all the State's needs, the same SOW can be utilized for the renewal contract.

Consequences of poorly written SOWs include, but are not limited to:

- Not getting all the needed work/services - Contractors cannot perform work not specified in contracts
- Confusion—using different names (acronyms, abbreviations, etc.) for the same thing or stating the same requirement in different places within the SOW may create an assumption of different requirements
- Higher bid prices
- Bid protests
- Cancellation and delays of solicitations
- Need for solicitation addenda or contract amendments

DPAC's Intranet site also includes a guide to writing SOWs as well as a selection of standardized SOWs on the [DPAC Intranet](#).

3 Requesting a Service Contract

3.1 Overview

When a complete ADM-0360 service contract package is received and accepted by DPAC, the DPAC Service Contracting process officially begins. DPAC will:

- provide contract number
- verify solicitation method
- develop solicitation package, if applicable to the proposed contract
- obtain Contract Manager approval of solicitation package and proposed contract
- obtain Caltrans Legal Review
- advertise in the California State Contracts Register (CSCR) or directly with bidders
- conduct bid opening, if applicable
- apply preferences/incentives and evaluate bids
- award contract
- obtain Contractor signature and applicable required documents
- review and execute contract
- distribute contract

Review and Approval

Once DPAC Acquisition Analysts assemble draft solicitations for advertising and draft contracts, documentation is forwarded to the Contract Managers with a Contract Manager Checklist for review and approval prior to advertising or award.

Contract Managers must carefully review every page of the package sent for their review and approval. This is a crucial step in ensuring that the contracts/agreements serve the intended purposes and needs of Contract Managers. Additionally, this reduces chances of having to write solicitation addenda or re-advertise for the same request, thereby increasing the time needed to award a contract and start work.

Contract Managers must sign and date the Contract Managers Checklist and return it promptly to the DPAC Acquisition Analyst to advance the contract process to its next step.

DPAC will inform the Contract Managers of any changes required by the Caltrans Legal Division.

Under no circumstances is any part of a solicitation package, in draft or final form, to be released prior to publication in the CSCR. To do so would give the appearance of giving a competitive edge or unfair advantage, which would result in having to restart the entire advertising and bidding process.

3.2 Solicitation and Award of Contracts

In general, DPAC solicits and awards all formal competitively bid contracts.

At least three competitive bids or proposals shall be secured when possible. Contracts shall be awarded to responsive, responsible bidders or proposers who meet one of the following criteria:

- offer the lowest price
- receive the highest score in the secondary Request For Proposal (RFP) award method
- are the most qualified consultant in the Request for Qualifications (RFQ) used for A&E contracts

Locating Contractors

The more effort put into soliciting businesses to participate, the better chance for a variety of bids. The more bidders available, the better the chance for a job well done at a competitive price. While for non-A&E contracts the only advertising Caltrans is legally required to do is in the CSCR, Contract Managers can provide DPAC with a list of possible bidders for the work/service requested.

Do not rely solely upon the CSCR for a listing of bidders. Contract Managers should reach out to other sources besides the CSCR, which include, but are not limited to, the following:

- DGS Office of Small Business and DVBE Services (OSDS)
- Caltrans OCR
- Other state agencies or Caltrans districts/divisions for names of Contractors providing similar services
- Telephone directory
- Trade and focus papers/union papers
- Participating in job fairs
- Better Business Bureau and similar associations

When services are required for contract amounts less than \$10,000, Contract Managers should conduct market surveys of vendors/Contractors and have them submit unsealed price quotes/bids. There is no limit to the number of vendors that may be solicited. This process may be done by telephone, e-mail, fax, or in writing. Service Contracts Under \$10,000 should be submitted on form ADM-3015.

No solicitations may be written to exclude any prospective bidder. Refrain from showing favoritism and/or creating a situation where any Contractor gains an advantage.

Invitation for Price Quote –Simplified SB, Microbusiness, and DVBE Award Process, AKA Two-Quote Process

State agencies may contract with certified SBs, Micro Businesses (MBs), and/or DVBEs for the acquisition of goods, services, and IT greater than \$10,000 and less than \$250,000, if funded by state and local funds only, without following the normal requirements for advertising as long as price quotes are received from two or more certified SBs, including MBs; or two or more certified DVBEs. State agencies also may contract for Public Works greater than \$10,000 and less than \$291,000 if using these criteria.

Invitation For Price Quote (IFPQ) processes for awarding to certified SBs, including MBs; or DVBEs use Invitation For Bid (IFB) or RFP processes and boilerplates except for the following items:

- no formal advertising is required; significantly reducing the contract processing time
- quote packages are sent only to the list of certified SBs, including MBs, and/or DVBEs provided by Contract Managers

With your submittal of the ADM-0360 package, note that you want to use this process. Submit as many possible or interested certified SB, MB, and/or DVBE quotes with your ADM-0360 package. DPAC will informally request quotes from your submitted list of possible bidders. Remember, a contract may be awarded under this method only if two or more quotes are obtained.

If two or more quotes are not received from certified SBs, including MBs, and/or DVBEs, staff may initiate a formal solicitation or extend the period for receipt of quotes until two or more quotes are received. If two quotes are not secured, consideration should be given to the availability of certified SB/MB/DVBE firms to provide the requested service and the program's needs, including any time constraints. If the quote pool cannot be increased, the IFPQ process should not be used again.

Contract Managers and DPAC Acquisition Analysts must discuss the option to continue using the simplified process when less than two quotes are obtained. Efficiency and effectiveness are to be considered and evaluated.

If the service is to be advertised in the CSCR, the IFPQ contract number will be canceled and a new contract number for the formal solicitation will be assigned for the same request. The work/service then will be advertised and awarded following formal IFB or RFP procedures.

Questions and Answers/Pre-Bid Conferences and Site Inspections

Even when Contract Managers write SOWs that are clear, concise, and complete, Contractors still may have questions about the work/service being advertised.

Administrative questions can be answered informally by DPAC Acquisition Analysts. DPAC Acquisition Analysts can incorporate into solicitations a process for logically and uniformly answering technical questions from potential bidders. To give one bidder pertinent technical information that is not provided to all potential bidders may be grounds for protest.

The following is an example of such a process:

1. A statement is put in a prominent place in the solicitation informing potential bidders that questions must be submitted in writing to the responsible DPAC Acquisition Analyst by a specified date and time
2. DPAC Acquisition Analyst and Contract Manager prepare the questions and answers (Q&As) without identifying who asked the questions
3. the questions and answers are provided to all potential bidders who received the solicitation by Internet or by calling DPAC to have one sent
4. in order for the Q&As to be of use to potential bidders, they must be provided in a reasonable amount of time prior to bid submittal deadline date and time

Written responses to all questions will be collectively compiled and provided as an Addendum and uploaded to CSCR.

Site inspections/walk-throughs are held for Contractors to view and inspect the worksite and possibly have questions answered by the Contract Manager. Contract Managers should be prepared to document and answer questions. Afterwards, all written questions and answers must be forwarded to the Acquisition Analyst for the contract file.

Site inspections are held no less than three days after the advertisement appears in the CSCR and at least five days prior to bid submittal deadline. This is to allow all Q&As to be distributed to all interested Contractors, as discussed above.

DPAC Acquisition Analysts and Contract Managers should review procedures to be used in pre-bid conferences/site inspections. As appropriate and with DPAC team manager approval, DPAC Acquisition Analysts may attend site inspections/walk-throughs. DPAC Acquisition Analyst involvement provides DPAC oversight and adds to the integrity of the process, but is not required.

Bids will be accepted only from those who have signed the Pre-bid Conference/Site Inspection Sign-In Sheet (ADM-0293) and attended 100 percent of the event **when inspections/pre-bid conferences are mandatory**. The ADM-0293 may be used. Signed sign-in sheet(s) must be filed in DPAC's contract file. Contract Managers should retain copies of sign-in sheets for their working files.

If a bid/proposal is received from a bidder/proposer who did not attend a mandatory site inspection/pre-bid conference, the unopened bid will be returned to the unqualified bidder indicating why it is being returned.

In the case of a re-bid situation with a mandatory site inspection/pre-bid conference, attendance is mandatory even though a potential bidder attended the first site inspection/pre-bid conference.

Bid Preference and Incentive Programs

GC 14838 provides for a 5 percent preference to be given to bidders who qualify as SBs or non-SBs who solicit 25 percent of the bid to a SB. If a solicitation results in an SB submitting a bid, the SB is awarded the solicitation if their bid is evaluated as lower after subtracting five percent of the overall lowest responsible non-SB bidder's amount from

the SB bid amount. Award is still at the SB submitted bid amount. Contract Managers are responsible for sharing information with SBs about preferences certified SBs are given on all competitively bid contracts. The preferences are to assist and encourage SBs in doing business with the State; however, Contract Managers must be careful not to divulge information about a contract currently out to bid, so as not to give an unfair advantage to a particular bidder.

Military and Veterans Code 999.5 provides for an incentive to be given to bidders who qualify as DVBEs as certified by DGS. If a solicitation results in a DVBE submitting a bid, the DVBE is awarded the solicitation if their bid is evaluated as lower after subtracting DVBE Incentive Percentage (listed in the chart below) of the overall lowest responsible bidders amount from the DVBE bid amount. The incentive amount for awards based on low price will vary in conjunction with the percentage of DVBE participation. Unless a table that replaces the one below is expressly established elsewhere within a solicitation, the following percentages will apply for awards based on low price.

Verified DVBE Participation	DVBE Incentive Amount
5 percent or more	5 percent
4.5–4.99 percent	4 percent
4.0–4.49 percent	3 percent
3.5–3.99 percent	2 percent
3.01–3.49 percent	1 percent

Award is still at the bidder submitted bid amount.

The following are other considerations concerning the DVBE:

- evaluations of DVBE incentives occur after SB preferences and before other preferences
- DVBE incentives cannot displace a certified SB for contract award
- DVBE participation is a firm commitment by bidders to use the DVBEs identified in their bids

Depending on the location of work/services to be performed, Target Area Contract Preference Act (TACPA) may be awarded.

This program was designed to stimulate business and employment in geographic areas determined to be economically distressed, with areas of high unemployment.

The maximum TACPA preference a bidder/proposer may be awarded is nine percent; however, in no case shall the maximum value exceed \$50,000 for any bid/proposal.

The combined preferences granted pursuant to TACPA and any other preferences provided by law, such as SB preferences, shall not exceed 15 percent and in no case shall the combined value of preferences exceed \$100,000.

Certified SB bidders/proposers shall have preference over non-certified SB bidders/proposers in the application of the TACPA program. Any bidder/proposer preference for which non-certified SB bidders may be eligible may not result in the denial of the award to a certified SB bidder.

Non-Competitively Bid Contracts

Non-Competitively Bid (NCB) transactions are defined as procurements or contracts for goods and or services where only a single business enterprise is afforded the opportunity to offer the State a price for the specified goods and/or services without having to obtain competitive bids or proposals. NCBs were formerly referred to as sole-source or single-source contracts.

The requestor should contact DPAC as soon as the need for a NCB procurement has been determined. DPAC will provide the requestor guidance on the appropriate procurement method and assistance on developing the NCB justification form.

The following process should be followed for all NCB procurements:

1. Requestor contacts the assigned DPAC Branch Chief to discuss the need for a NCB acquisition
2. Requestor completes Non-Competitively Bid (NCB) Contract Justification [\(ADM-3007\)](#) and submits to DPAC for review and feedback
3. Requestor will:
 - a. Finalize NCB Justification Form based upon feedback from DPAC
 - b. Obtain approval from Division Chief (Headquarters) or appropriate Deputy District Director (Districts)
 - c. submit to DPAC for signature
4. DPAC will:
 - a. Obtain approval from PCO or designee
 - b. Return the signed ADM-3007 to Requestor.
5. Requestor will:
 - a. Prepare an Issue Memorandum from the Division's Deputy Director (Headquarters) or District Director (Districts) justifying the business need for the procurement.
 - b. Attach the signed ADM-3007
 - c. Enter the documents into the Director's Office Tracking System for transmittal to the Deputy Director, Director, and California Transportation Agency (CalSTA) for approval

6. Once approvals have been obtained by the Director and CalSTA, Requestor will:
 - a. Create a Requisition (RQS) in Advantage and attach a scanned copy of the approved ADM-3007
 - b. Submit the acquisition package to DPAC for processing; DPAC will transmit the NCB Justification form to DGS for approval (if required)
7. Once approved by DGS, DPAC will execute the acquisition, retain copies in the procurement file, and provide copies to Requestor

DGS may grant exemption from advertising to individual state agencies for specified types of contracts. DGS has granted that authorization to Caltrans for the following types of contracts:

- Contracts with Native American Indian groups, organizations, associations, and/or individuals that provide services relative to identification and protection requirements covering cultural resources
- Contracts with title companies for title insurance policies, escrow services, and title searches

NCB contracts are periodically subject to special review processes. Contract Managers should review the SCM for updated guidelines when NCBs are being considered. Contact DPAC and reference [Information Bulletin IB-13-06, Non-Competitively Bid \(NCB\) Procurements](#), for assistance, if necessary.

Miscellaneous

NCB transactions are defined as procurements or contracts for goods and or services where only a single business enterprise is afforded the opportunity to offer the State a price for the specified goods and/or services without having to obtain competitive bids or proposals. NCBs were formerly referred to as sole-source or single-source contracts.

Contract Managers should inform prospective bidders/Contractors of the following:

- The State cannot pay in advance
- It may take up to six weeks after invoice receipt before payment is made (unless Contractor is a certified SB/DVBE)
- The payment process may be expedited to take advantage of discounts of at least one-half percent if noted on the invoice

State Contractors and recipients of state grants must maintain and certify to a “drug-free workplace”. The Drug-Free Workplace Certification clause is mandatory and included in all contracts. Caltrans may cancel contracts or grants if Contractors or grantees fail to comply with the requirements. When at job sites, Contract Managers should look for signs of workers being under the influence. For the protection and safety of all parties, immediately bring to the attention of the Contractor’s project representative or supervisor any workers suspected of being under the influence.

3.3 Authorization to Start Work

A contract is considered to be executed once all parties, the Contractor, and the Departmental Contract Officer (DCO), have signed the Standard Agreement (STD.213). DGS may approve if applicable.

DPAC Acquisition Analysts send a letter to the Contractor to announce contract execution; a copy is sent to the Contract Manager.

Work may not commence until proper authorization is obtained.

The Contract Manager shall not authorize the Contractor to start work until the contract has been approved and the Contract Manager has received the approved, executed contract (Pub. Cont. Code Section 10295(a)).

It is a Contract Manager's responsibility to authorize the start of work in writing only after notification by DPAC that an executed contract is in effect.

In most instances, Contract Managers initially notify Contractors verbally to begin work. Verbal notification to Contractor must be followed up in writing and can either be mailed, emailed, faxed, or hand-carried to Contractors. A copy of the written notification must be retained in the contract file.

If a Contract Manager authorizes a Contractor to start work before the contract is executed, the responsible Contract Manager may be subject to disciplinary action.

Contractors who begin work before the effective date or contract execution date do so at their own risk. Accounting cannot process invoices without an executed contract; therefore, the Contractor may be required to file a claim with the Government Claims Program (GCP) for payment of work done without an executed contract. Responsible Contract Managers may be required to appear before the GCP to explain why proper contracting practices were not followed. If the GCP rules in favor of the Contractor, the Contract Manager's division is required to pay an additional administrative fee for hearing the claim of 15 percent of the claim amount.

No additional work is to be authorized after contract expires.

3.4 Contract Termination

Termination is an extreme remedy for resolving Contractor performance problems or changed government circumstances. If Contract Managers want to terminate a contract, they should contact the DPAC Bid, Protest, and Disputes Branch. The DCO is the only person authorized to terminate or cancel a contract.

Contractor will be notified that if identified problems are not corrected or if performance is not satisfactorily improved, Caltrans will terminate the contract immediately, then have the work finished by another Contractor and hold the original Contractor liable for any additional costs.

Termination may occur based on one of three situations:

Default—Caltrans may exercise its right to terminate contracts because of Contractors' actual or anticipated failure to perform its contractual obligations. For example, the Contractor breaches any material term or condition of the contract, or fails to perform or fulfill any material obligation. A court proceeding may overturn a termination by default or vice versa with the Contractor ending up with full recovery of contract amount.

For Convenience (commonly referred to as "Without Cause")—Caltrans can terminate a contract in the event of an unforeseen public emergency, lack of funding, or a change of circumstances.

By Mutual Agreement—When both parties agree to terminate the contract due to insolvency of the Contractor or disputes between the Contractor and Caltrans, DPAC will prepare a mutual release agreement freeing both parties from any further obligations of performance.

If Contract Managers and/or DPAC are uncertain there is sufficient cause to terminate a contract and assess damages, a legal opinion may be requested.

Departmental representatives of Legal, after reviewing case, make recommendations for appropriate settlements of subject contracts and, if appropriate, outline the steps to be taken. Contract Manager must not authorize payment to Contractor for any work not performed satisfactorily.

Steps for Placing Contractors in Default

When contracts are terminated due to unsatisfactory performance, Contractors may be placed in default by progressing through the following steps:

1. Contract Managers notify Contractors in writing of unsatisfactory performance and send copies to the DPAC.
2. If performance does not improve, Contract Managers request DPAC to place Contractors in default.
3. DPAC reviews documentation.
4. DPAC notifies Contractors in writing that the contract has been canceled and they have been assessed \$500 for administrative costs.
5. DPAC sends copies of termination letters to the Caltrans Division of Accounting (DoA), Office of Accounts Receivable with notes asking them to prepare a bill and to let DPAC know when this bill is paid.
6. DPAC enters default information into the default database. Defaulted Contractors are then ineligible for award of future Departmental contracts. An exception may be made if the payments for the future contract are applied to the default amount until the default amount is paid in full.
7. After work has been awarded to another Contractor, DPAC drafts a memo to the DoA, Office of Accounts Receivable asking it to bill the defaulted Contractor for the difference.
8. The default database will be updated.
9. When Contractors pay the bills, DoA, Office of Accounts Receivable notifies DPAC.

10. Contractors then are taken out of default.

11. The default database is updated.

The Contract Manager cannot make a contract termination request, if poor service is being received from Contractors, without formal notification of work performance expectations. DPAC will not authorize termination and securing services of another Contractor until the Contract Manager takes proper steps to handle non-performance of contract services.

3.5 Contract Amendments and Renewals

Service contracts are often for services that will be required for a long term; however, since contracts usually are not written for more than 36 months, they need to be renewed to allow for the needed services to continue uninterrupted.

Neither amendments nor renewals occur automatically. Contract Managers must monitor current contracts while keeping in mind the need for an amendment or a renewal, as well as the processing time it takes for their execution.

Amendments

Amendments are formal modifications to contracts. Contracts may be modified or amended only if the contracts so provide. Amendments must be requested and executed prior to the termination date of the most recently approved original or amended contract. "Time only" amendments are only possible in order to complete a project which has been delayed and are not permissible for recurring, on-call, and/or as-needed services.

Refer to State Contracting Manual (SCM) Vol. 1, Section 5.81 for information on Contract Amendments.

The Contract Manager must prepare the following documents as soon as the need for an amendment becomes apparent:

- Service Contract Requests (ADM-0360)
- Justifications for amending current contracts rather than going out to bid on a new contracts
- NCB pre-approvals, if applicable
- NCB Contract Justification (ADM-3007), if applicable, for contracts subject to Executive Order D-02-55 and Management Memo 02-19

Amendments requiring DGS approval must be submitted to DGS prior to the termination date. Contract Managers cannot authorize additional work or expenses until the amendment is executed. DoA cannot legally pay for any work performed under intended amendments before execution.

Contract amendments should not materially alter the fundamental objective of the SOW of the original contract. Major changes must be accomplished by new contracts using

required bidding and contract award procedures. Care must be taken to ensure that amendments do not contradict information in original contracts and that all needed changes are specified.

Amendments are subject to the same reviews and justifications as original contracts. It takes approximately two months to process amendments.

Renewals

Renewals are new contracts for necessary services, which must continue, that currently are being provided under contracts set to expire. It is not allowed to amend contracts year-by-year to extend the performance period. These contracts must be renewed.

Renewals of contracts follow the same process and timeframes as original contracts. Contracts awarded on annual or multi-year basis should be rebid prior to expiration of current contracts. The Contract Manager is responsible for monitoring contract expiration dates. Renewal requests must be submitted in a timely fashion to ensure no lapse of necessary services occurs.

DPAC will not automatically begin renewals without receiving Service Contract Requests, ADM-0360. DPAC does not have the authority to write contracts without an approved ADM-0360 on file. Contractors are at risk for no payment of services if there is not an executed contract with an unexpired term of service for said services.

4 The Contract Manager's Role

4.1 Overview

The Contract Manager is an authorized representative of the State of California and responsible for the administration of contracts and monitoring/documenting Contractors' performance. The requesting unit designates a Contract Manager who will manage and monitor the contract.

Contract Managers:

- Perform administrative tasks ranging from requesting contract services to authorizing final payment for satisfactorily completed services to maintaining contract documentation
- Make timely requests for contract amendments or renewals, if necessary
- Play a critical role in defining, monitoring, and evaluating the performance of Contractors from commencement of work to completion of the evaluation
- Are authorized Departmental representatives when dealing with Contractors
- Act as liaisons with Contractors
- Decide whether or not the State is getting fair value for taxpayers' money paid for Contractors' services

Limits on Authority

Contract Managers are **not** authorized to:

- Instruct Contractors to start work before contracts are executed, except in an emergency situation
- Change contract descriptions or Scopes of Work after contract execution
- Direct Contractors to do work that is not specifically described in their contracts.
- Sign a contract
- Sign Contractor's contract form
- Cancel or terminate contracts
- Authorize payment to Contractors for any work not performed or not performed satisfactorily

Additionally, Contract Managers are not authorized to take the following actions without an executed and approved contract amendment in place:

- Extend time period (term) of contracts
- Reduce, expand, add, or substitute work/projects, unless specifically authorized in the provisions and conditions of a contract

- Allow Contractors to incur costs over the agreed limit set in contracts

Contract Managers guilty of malfeasance may be convicted of misdemeanors or felonies and held liable personally for damages if convicted.

4.2 Responsibilities

Contractor Managers have many responsibilities. The following lists summarizes these responsibilities.

Making Contract Requests

1. Obtain all required approvals, including pre-approval documents that must be reviewed, approved, and signed by the functional Deputy Director, or Chief Deputy Director.
2. Submit fully completed Service Contract Request (ADM-0360), including:
 - clear, concise, and detailed descriptions of work to be performed (Scopes of Works) and all needed approval names with dated signatures
 - all required justifications
 - accurate, complete funding and coding information (fiscal data) with appropriate division budget representative signature approval
 - lists of potential bidders
3. Review draft contracts and solicitations for accuracy and completeness of SOWs, all provisions, technical requirements, completion dates, benchmarks, timelines, estimated quantities, dollar amounts, end products, etc.
4. Ensure funding is available and encumbrance conforms to Departmental policy

Contract Managers checklist for Invitation For Bid (IFB) and IFPQ contracts can be downloaded on the [DPAC Non-IT Service Contracts Training and Resources website](#).

Caltrans Security Guideline Requirements for Contracts

The Contract Manager shall determine if the Contractor meets the requirements of the Caltrans security guidelines regarding issuance of a Caltrans Partner ID badge and building access card or if the Contractor requires access to the Caltrans IT Network.

The Contract Manager is responsible for submitting the [Partner Photo Identification \(ID\) Badge Building Access Control Card Request form \(ADM2025-P\)](#). This form must be signed by a Division Chief or above, and be submitted to the Statewide Operations Security office or to the District Security Coordinator requesting an official Caltrans Partner ID badge. Partner ID badges are issued for the length of the contract or for a maximum term of one year. The Contract Manager is responsible for the renewal of the Caltrans Partner ID badge/access card prior to the expiration if necessary.

If the Contract Manager needs to request a network account for the Contractor, the ADM2025-P must be processed before submitting the [Non-Employee Network Account Request form \(ADM-3028\)](#). The Contract Manager is responsible for collecting the Caltrans Partner ID badge/access card from the Contractor at the completion of the contract or when the Contractor is no longer required to work on the contract.

For more information regarding Caltrans security guidelines, refer to the [Caltrans Statewide Operations Security Manual](#).

Contract Management

- Notify Contractors in writing to begin work
- Hold pre-job conference with Contractors and subcontractors
- Maintain all documentation in “working” contract files
- Monitor Contractors’ progress for compliance with all contract provisions
- Ensure compliance with all federal, state, and special regulations
- Monitor Contractors for use of subcontractors and suppliers (if a subcontractor is added or changed on a contract with a public works element, the Caltrans Contract Manager must verify the subcontractor is registered with DIR and update the existing contract in the Public Works Project Registration (PWC-100) on the DIR website
- Monitor Contractors’ performance, including:
 - monitor progress of work to ensure that services are performed according to the quality, quantity, and manner specified in the contract
 - ensure that work proceeds on schedule and will be completed successfully before the contract expires
 - review and approve invoices for payment
 - monitor contract expenditures to ensure sufficient funding is available to pay for all services rendered as required in the contract
- Monitor Contractors’ insurance terms and effective dates
- Monitor Contractors’ licenses for expiration dates
- Monitor expenditures and timely approving invoices for payments
- Notify appropriate personnel of equipment purchases, if applicable, and ensuring property is tagged and inventoried before approving cost reimbursement
- Monitor use of DVBE, DBE, and SB subcontractors, and/or preference program participation per approved goal or percentage attainment
- Obtain required DVBE/DBE/SB participation reports from the Contractor with invoices and forward to the appropriate OCR office on a regular basis
- Monitor invoices or billing statements for DVBE goal or DBE percentage attainment.
- Review and approving invoices to substantiate expenditures

- Submit approved invoices with Receiving Record (FA 1226A) to DoA in time to avoid late payment interest penalties
- Contact the DoA throughout the term of the contracts to ensure encumbrances have not expired and sufficient funds are available to pay for rendered services and for expected invoices in any given fiscal year
- Issue Invoice Dispute Notification (STD. 209), when invoice disputes cannot be resolved
- Request timely amendments including pre-approvals (NCB, etc.), renewals, or new contracts as required and within sufficient time to prevent any lapses in services

Records Management

- Maintain records of all contract activities.

Contract Closeout

- Approve final products/services
- Verify all contract requirements are fulfilled before approving final invoice
- Complete Contractor Evaluation (STD. 4), for consultant service contracts of \$5,000 or more

4.3 Monitoring Contract Activities

The primary responsibility of Contract Managers is to monitor the progress of work to ensure contracted services are performed according to the quality, quantity, and manner specified in the agreement. Contract Managers must ensure that work proceeds on schedule and is completed and accepted by Caltrans before contracts expire and services are paid. Creating calendars or timelines for each contract for performance objectives; license and insurance expirations; appropriate time to request renewals; etc., is a useful tool to help monitor various contract aspects.

Contract Managers must do the following for each contract:

- Ensure that all federal or special regulations are adhered to
- Review progress reports and interim products for compliance with contract objectives and timeframes
- Review and approve invoices to substantiate expenditures for work performed.
- Monitor DVBE, DBE, SB, or preference program participation per approved goal attainment and forward required participation reports to OCR on a monthly basis
- Maintain documentation of all activity
- Maintain running totals of charges and costs

- Notify appropriate personnel, if applicable, of any equipment purchases and ensure that property is tagged and inventoried prior to approving reimbursement of purchase costs
- Contact the DPAC Bid, Protest, and Dispute Branch for assistance when contract problems arise
- Determine the need for contract amendment or renewal and request any amendment or renewal with sufficient time to process and execute an amendment or renewal before original contract expires
- Request an “assignment of contract” (transfer of contractual rights from one Contractor to another) whenever the contracted firm is bought out, merged, or sold to another company
- Verify Contractor has fulfilled all requirements of the contract
- Verify any subcontractor who is being substituted or added to a contract is registered with the Department of Industrial Relations (DIR) if the contract has a public works element and update the existing contract in the Public Works Project Registration (PWC-100) on the [DIR website](#)
- Identify final invoice; approve as appropriate; and forward to the DofA for payment.
- Complete Evaluation of Contractor (STD. 4), if applicable; DPAC recommends using this form for all problem contractors, regardless of contract type and amount

Funding and Expenditures

Most encumbered funds are available for the current Fiscal Year (FY) plus two additional FYs, as long as the contract was not expired when the services were performed (e.g., funds encumbered in FY 14/15 are still available in FY 16/17 for any late invoices for services performed during the life of the contract; however, funds encumbered for that contract are not available for invoices for work done after the expiration of that contract).

The Contract Manager should track dollars available versus dollars spent, as well as the type of contract and the method of payment.

Issues to consider include, but are not limited to:

- Number of Expenditure Authorizations (EAs) being used in contracts
- Number of FYs covered in contracts
- Methods of payment (hourly, monthly, per item, per milestone, by task order, and/or lump sum)

The Contract Manager must:

- Review encumbrance information in contracts to ensure all figures are correct and the encumbrance is sufficient for the current FY
 - If funds are not encumbered by June 30 (end of the FY), most, but not all, funds revert back and are no longer available

- Contact DoA, Encumbrance Unit and/or Special Funding Unit for clarification
- Monitor expenditures on all contracts
- Maintain constant status of contracts' available encumbrances balances by keeping a running total of charges and costs for each contract on a spreadsheet
 - The type of contract and method of payment as specified in Exhibit B of the contract should be kept in mind when developing the contract monitoring spreadsheet
- Track estimated and actual hours worked and any applicable direct costs
 - Prepare spreadsheets or ledgers to maintain this "tally" when contracts are awarded

A spreadsheet may be simple or complex, depending on the complexity of the contract. At a minimum, the following information should be reflected on a spreadsheet:

- Contractor's name;
- Contract number;
- Amount of contract;
- Description of services; and
- Total amount of contract less each invoice approved for payment

Spreadsheets also should have columns for items to be specifically invoiced, such as rate per hour, time, materials, travel, DVBE/DBE/SB requirements, etc.

As deductions from a contract's total encumbrance are made, it will become apparent if an amendment to add funding will be needed prior to that contract's expiration, or that payment has been made for things not provided for in the contract.

Fiscal Year Funding Split

Contract Managers must monitor encumbrances for each FY closely. This task may be very detailed if the contract involves more than one FY or expenditure authorization (EA). Contract Managers should:

- ensure encumbrance is established for the work/services being provided in the appropriate FY;
- notify Budgets, Resource Management, or Accounting Encumbrance units, accordingly, if problems occur
- move the encumbrance from one EA into another EA near the end of the FY, if needed (see Budgets, Resource Management, or Accounting Encumbrance units for details)

Receiving and Reviewing Invoices

Payments to contractors must be consistent with Contractor's bid rates, Contract Exhibit B provisions and services provided. When invoices are received, compare them with the contract spreadsheet. Review invoices for all required information, including any supporting documentation necessary. Every effort should be made to pay all allowable

costs by working with Contractors for clarification or backup documentation of billed items. The State will not pay for services not yet received.

Copies of all invoices (annotated, as needed) and all back-up documentation must be retained in Contract Managers' contract files. If an electronic file is being used, an electronic image (e.g., PDF) should be made of the invoice information. At a minimum, enter invoice information in an electronic document. Contract Managers should reconcile, at least quarterly, a contract balance with DoA. Contract payment information can be accessed on DoA's Intranet site.

Request Contractors to submit invoices in a timely fashion and as provided in the contract. Promptly review and forward invoices to the DoA, Office of Accounts Payable for payment within 15 days of receipt. Contractors should submit to Contract Managers invoices in triplicate on letterhead stationary or invoice form.

All invoices must contain:

- Contractor's name, address, and telephone number
- Invoice number
- Invoice date;
- Contract number
- Invoice period, specified with beginning and ending dates
 - The beginning date must not be sooner than the Notice to Proceed/Start Work date for the contract, nor within any previous billing dates
- Description of services or work being billed for
- Charges, itemized, if applicable
 - For each expenditure authorization
 - For each milestone or task order
 - For each subcontractor, including identification of DVBE/DBE firm(s)
 - To show direct labor costs
 - To show other direct costs
- Summary of total dollar amount billed to date
 - Current month;
 - Previous month; and
 - Total dollar amount billed with invoice
- Total amount due with this invoice
- Discount, if offered by Contractor

In reviewing invoices, Contract Managers must:

- Verify they are not duplicates of any previously paid invoices

- Check for accuracy, timeliness, and compliance with cost and payment terms of contracts
 - Cost rates are limited to those annotated in the contract or Cost Proposal (where applicable).
- Check for mathematical accuracy.
- Ensure personnel shown match those listed in the Cost Proposal and/or contract.
- Conduct a technical review of the invoice, as necessary, to determine the reasonableness of charges and hours worked
 - This evaluation is based upon the contract deliverables—did we get what we are being charged for?
- Review DVBE/DBE/SB requirements of the contract and determine if invoices reflect proper percentages and dollar amounts for those subcontractors
- Ensure receipt of progress report, if required by the contract

Caltrans is responsible for assuring that its contractors comply with prevailing wage requirements. To assure that all workers are properly classified and paid the appropriate wage rate, Caltrans requires Contractors to submit, with their invoices, certified copies of their payroll for verification by the District/Region Labor Compliance Officer. Payments are not made until payroll is verified and invoices approved by Contract Managers.

Contract Managers must verify and approve all invoices before submitting them to DoA, Office of Accounts Payable for payment. Contract Manager approval signatures certify that all charges are appropriate and all work was satisfactorily performed according to the provisions of the contracts.

Timely Invoice Processing and Invoice Disputes

Date-stamp all invoices upon receipt. Begin the review and payment process immediately. In accordance with the Prompt Payment Act, the State has 45 calendar days to issue payment on undisputed invoices received—15 calendar days for the Contract Manager to process and approve; 15 calendar days for DoA to audit and process; and 15 calendar days for the State Controller’s Office (SCO), in turn, to issue the payment warrant. Failure to meet either of these requirements will result in interest being assessed (as a late payment penalty). If interest were assessed due to Caltrans’ failure to submit the invoice to SCO, the appropriate interest would be charged to the Departmental division responsible for the delay of payment.

Invoices from certified SBs, Micro Businesses, and DVBEs are handled essentially the same as other invoices. However, if a Contractor is currently certified with the Department of General Services (DGS) Office of Small Business and DVBE Services (OSDS), the State shall pay to the Contractor a late payment penalty of 0.25 percent of the amount due, per calendar day, from the required payment date. Caltrans does have, however, the same 15 calendar day timeframe to dispute invoices. Contract Managers shall promptly respond to all subcontractor or supplier inquiries regarding the status of payments made to prime contractors.

If Contractors offer discounts for prompt payment of invoices, Contract Managers should make concerted efforts to take advantage of the discounts.

If a Contract Manager disputes any portion of the invoice and decides to withhold payment on that part of the invoice (for example, the work performed was not satisfactory or not performed at all), the Contract Manager must notify the Contractor in writing about the item(s) in dispute, the monetary amount of the dispute, and what actions, if any, are required to resolve the dispute. Payment to Contractors should not be authorized if work has not been completed to a Contract Manager's satisfaction.

The Contract Manager cannot withhold the entire invoice amount, but only the amount for items being disputed. Use Invoice Dispute Notification (STD. 209) as notices of invoice disputes.

Timely filing of Invoice Dispute Notification (STD. 209), will "stop the clock" on processing invoices when there are disputes. An invoice dispute effectively interrupts the required payment date for prompt payment. Vendors must be notified of an invoice dispute within 15 working days of invoice receipt or delivery of the goods or services, whichever is later. Failure to notify Contractors, in writing, of invoice disputes within the required time frame will cause invoices to be handled as undisputed invoices and thus may cause the State to be assessed interest for any charges not automatically paid within the required 45 calendar days.

The Contract Manager shall approve invoices, if all information is correct and accounted for, by signing, dating, and writing "approved for payment", and contract number on all three invoice copies. Upon approval, Contract Managers prepare and send two invoice packages to DoA: one for processing to the SCO, who issue payment warrants to Contractor; and one for DoA's records (Contract Managers keep the third one in their contract files).

Invoice packages must include the following information:

- Receiving records (FA1226A) completed with all requested information, including proper cost and charge coding information (source district, source unit, charge district, object code, expenditure authorization (EA), and funding FY), and legible name and phone number information for DoA to use if needed (or all of the above information may be recorded on a blank portion of the invoice)
- Invoices with original signatures of Contract Manager and Contractor
 - If the dollar amount being approved differs from the invoiced amount, Contract Manager should indicate on the invoice the changes
 - A notation, such as "Approval as indicated", should be written above Contract Manager's signatures
- Copies of written notices to Contractor if invoices are not being paid in full as submitted

Forward invoice packages, including all applicable documentation to DoA, Office of Accounts Payable.

Consult the CAL-Card Handbook if paying invoices by CAL-Card.

Insurance and Bonds

DPAC Acquisition Analysts will provide copies of certificates of insurance and bonds to the Contract Manager.

Though not required by law, it is Department Policy for the Contract Manager to obtain necessary certificates of insurance and bonds when awarding emergency contracts to Contractors. To protect the State it is prudent that the Contractor provide proof of insurance and any required bonds before starting work.

If insurance is a requirement of a contract, the Contract Manager must monitor expiration date(s) of all certificates of insurance provided by Contractors during the life of the contract.

Approximately 60 days prior to insurance expiration date(s), Contract Manager will notify Contractor, in writing, that new certificates are required. Upon receipt of insurance renewal certificates, Contract Manager should note the new expiration date(s). If the expiration date is before the end of the contract period, then another renewal certificate must be obtained in the same manner.

Failure of Contractor to provide, upon notification, certificates proving renewal of insurance may be cause for termination. The Contract Manager should notify DPAC, accordingly. If any Contractor insurance certificate expires during the life of the contract, Contract Manager shall notify Contractor to stop work until a current insurance certificate is obtained and approved by DGS Office of Risk and Insurance Management.

When bonds are required, they may be applied to the whole contract (contract price) or on a task order basis. Task order-based contracts means the State pays Contractors only for services ordered, rendered, approved, and completed and not for an ongoing project or service.

Payment and performance bonds are due prior to the start date of the task order. No work may commence without receipt of valid payment bonds and performance bonds as noted in contract provisions.

For demolition or (operated and bare) equipment rental contracts involving task orders, payment bonds can be applied for 100 percent of the task order amount. The Contractor must provide the appropriate bonds for any task order more than \$25,000. Caltrans also may require performance bonds for 50 percent whenever considered necessary.

For public works contracts, the Contractor is required to submit a payment bond for 100 percent of the expenditure for any work over \$25,000, per the terms of the contract. For a task order-based contract, payment bonds would be 100 percent of issued task orders and the performance bond would be 50 percent of the task orders, as long as the payment provisions have language to pay only on a task order basis. Otherwise, payment bonds shall be 100 percent and performance bonds shall be 50 percent of the contract price.

This does not put the State at risk as long as the Contract has provisions to pay the contractor on a task order basis (if the Contract Manager approves the work).

If the contract is for progressive payments for a service to be provided through the term of the contract, then a payment bond is required to cover 100 percent, and the performance bond 50 percent, of the contract price, per the dollar thresholds stated above.

Monitoring Contractor Performance

The Contract Manager is responsible for monitoring Contractors' performance to ensure that work/services are being provided and are in compliance with the terms of the executed contract. Issues to consider when monitoring the Contractor include, but are not limited to, the following:

- Timeliness of work/service
- Quality of work/service
- Reasonableness of charges/invoices
- Use of required DVBE/DBE/SB firms

The Contract Manager must monitor the work site as work is being performed. Contractors' poor performance or use of poor quality materials must be dealt with immediately. The Contract Manager must order correction of problems by Contractors prior to payment approval and notify the DoA, Office of Accounts Payable.

The following are methods by which the Contract Manager can monitor Contractors:

- Ongoing review of the Contractors' work/service
- Ongoing technical review of deliverables, if applicable
- On-site visits to Contractors as work/service is being provided, if applicable
- Periodic meetings with Contractors
- Timely review and processing of invoices

If work is allowed to continue, remains in place, or is completed without any comment, the implied message to Contractor is that the quality is acceptable and payment will be made in full. Early intervention will enable the Contract Manager to either correct such problems in accordance with Contractors or place Contractors in default. Consult DPAC's Bid, Protest, and Dispute Branch, for proper intervention/default steps.

The Contract Manager should document everything in the contract file log. Always document, in writing, all communication with Contractors. Many times this may involve writing a letter to Contractors to confirm and reiterate what was verbally discussed.

Problems with Contractors

The Contract Manager must document, in writing and make part of their working contract files, all discussions with Contractors regarding work, performance, or materials and send copies of that documentation to the DPAC, Bid, Protest and Dispute Branch.

The Contract Manager must address Contractors' poor performance or use of poor quality materials immediately. Contract Manager must order Contractors in writing (with copies to their working files and to DPAC's Bid, Protest, and Dispute Branch) by certified letters to make immediate correction. DGS General Provisions state that if the

State does not provide a Contractor with a notice of rejection of deliverables within 60 days of delivery, then such deliverables and services will be deemed to be accepted.

These letters explain why work is not satisfactory and what corrective actions are expected. Contractors are given a specified period of time to satisfactorily perform. The Contract Manager must ensure no payment is made on the unsatisfactory portions of contract performance until corrections are made.

These letters also inform Contractors that if identified problems are not corrected or if performance is not satisfactorily improved, Caltrans will terminate the contract “immediately”, then have the work finished by another Contractor and hold the original Contractor liable for any additional costs. Contact DPAC for advice if this type of situation persists.

Contractors cannot charge (a second time) for correcting original poor performance, unacceptable work, or replacing poor quality material(s). Review contract language. Be aware that disputes may result; contact DPAC’s Bid, Protest, and Dispute Branch Chief, if necessary.

If payment and/or performance bonds are contract requirements, Contract Managers must immediately notify bonding companies of any problems that occur with Contractors. In most cases, bonding companies also will inform Contractors to correct the problems.

Disputes with Contractors

A dispute could encompass any disagreement, including, but not limited to, the following:

- Contract language interpretation
- Payments
- Issues of unacceptable work, performance, or quality of materials

Contract Managers are the first level of dispute resolution in all contracts, including Architectural and Engineering (A&E) and Minor B contracts. If disputes cannot be resolved at this level, the following occurs, depending on contract type.

All types of contracts

- Contractor disputes should be referred to DPAC’s Bid, Protest, and Dispute Branch Chief
- Upon referral, Contract Managers and Contractors are asked to submit written statements detailing necessary issues in the dispute
- DPAC’s Bid, Protest, and Dispute Branch Chief will issue a decision based upon all relevant submittals
- Any appeals of decisions on non-A&E contract disputes are processed through the civil courts

Management of Information Assets and Records

Departmental policy, as described in [DD-55-R2 Management of Information Assets and Records](#), states that all Caltrans managers and staff are accountable for the cost, effective management, maintenance, confidentiality, integrity, protection, and availability of the Department's Information Assets and Records (IARs).

Departmental Contract Managers must be knowledgeable of and comply with policies and procedures to ensure that the Department's IARs are used in a way that maintains their confidentiality, protection, and availability.

Any unauthorized or accidental incidents that compromise the integrity of IARs must be reported to the Caltrans Information Security Office.

4.4 Monitoring Contract Activities

Contract Managers are responsible for maintaining all contract records, invoices, and relevant documentation for five years, unless otherwise specified by law, retention schedules, etc. Up to three years after termination of a contract, an audit may be conducted to verify performance, compliance, and appropriateness of authorized payments. Contract Managers must keep detailed records in files established for each contract. DoA and/or DPAC does not maintain all the records required in a Contract Manager's file.

Contract Manager's Contract Files

Outside of DPAC, the contract manager maintains a "working" file for each contract. The files contain all records of monetary transactions and invoice records for auditing purposes. Once the contract is closed, the file is labeled "inactive" and retained in the originating agency's record keeping system for five years.

Records Maintenance

Records must be maintained in sufficient detail to allow anyone reviewing documents to understand how a contract was requested, conducted, awarded, and administered. Recommendations for the maintenance of contract records are listed below.

Contract Managers' files for each contract should include:

- File guides/dividers titled 360, Contract, Insurance, Bonds, Invoices, Correspondence, etc.
- Copies of Service Contract Requests, ADM-0360(s), with all supporting documentation
- Copies of all of insurance certificates, if applicable
- Copies of all bonds, if applicable
- Copies of all executed contract amendments, if applicable
- Copies of executed contract

- Log sheets to be used as a diary of all activities related to the contract
 - Note the date and content of discussion for each contact with anyone regarding the contract, e.g., notifications regarding start dates, pre-job conference, performance/non-performance of services, etc.
- All correspondence related to the contract or Contractor
- Copies of all invoices, including backup documentation and a copy of the spreadsheet of expenses, must be retained
- Spreadsheets of contract funds and expenses
- Spreadsheets indicating DVBE/DBE/SB usage, if applicable
- Clear reference to all associated electronic files

Electronic Files of all contracts administered

Access to a computer is necessary for the preparation and management of electronic files. This facilitates access of management information. Correspondence can be maintained and documented; expenditures for all contracts can be tracked; contract expirations can be easily foreseen; and contract renewal needs can be readily determined. Electronic files have the same retention requirements as paper files. Electronic documents must be properly backed-up.

Correspondence

All communications regarding contracts and/or Contractors should be in writing or followed up in writing, with copies placed in contract files. This protects Caltrans and the Contract Manager in the event of disputes, legal problems, and audits.

Communications should always be on current Departmental letterhead and reference contract numbers and/or the pertinent section(s) of contracts to support the issues being communicated.

Expenditures Spreadsheets

Expenditure spreadsheets are especially necessary if electronic tracking means are not used. The spreadsheet can be a simple document showing the contract amount encumbered and a deduction for each invoice amount approved for payment. They are extremely important for contracts that have varying invoice amounts and payment provisions.

Performance/Non-Performance of Contract Services

Contract Manager must monitor and document the Contractor's performance. Maintain logs, journals, or diaries for each contract.

Problems that arise during the term of a contract must be fully documented in formal, written communications with Contractors. Letters to Contractors should outline problems related to non-performance and cite, verbatim, contract specifications so there are no doubts about the services required under a specific contract. All non-performance letters should be sent "certified" with copies going to all concerned parties. Copies of

letters also should be kept in the files created for each contract and also sent to DoA, Office of Accounts Payable to eliminate possibility of invoices being paid in error.

For record retention purposes, the documents specified above are considered original records.

4.5 Closeout Service Contracts

Contract Managers are responsible for closing out contract files. Actual closeout procedures are contract-specific. Variables that will determine specific closeout procedures may include:

- type of services provided
- specific performance requirements
- payment provision
- State property assigned to Contractors
- specified deliverables
- contract language related to closeout requirements

Closeout activities may consist of, but are not limited to, the following:

- Remind Contractors of contract expiration dates and that no payments will be made for any work, materials, or services provided after that date
- Notify Contractors of any unmet compliance or performance requirements that must be met before final payment can be made under the contract
- Send Contractors closeout instructions, if necessary
- Request and review final deliverables, documents, and services from Contractors
- Request and review final invoices
- Notify DoA and authorize final payment of invoices
- Disencumber unused funds
- Complete Contractor evaluations
- Notify the Audit Department of contract expiration, if applicable

Contract Manager should document, in writing, all closeout actions taken in the contract file.

Caltrans' records retention schedules require the Contract Managers' contract files be kept for a minimum of three years after final payment (to Contractors). Consult your Division's Retention Schedule. Audits, the State Auditor, and any duly authorized representative of the state or federal government may audit files up to three years after final payment to Contractors.

Authorizing Final Payment

Upon receipt of apparent final invoices, the Contract Manager shall determine if any additional invoices will be forthcoming. If additional invoices will be sent, the Contract Manager should ask when they are expected to arrive and follow up with Contractors, as necessary, to finalize payment. The Contract Managers shall sign, date, and write “Final Payment - Approved” on each copy of the final invoice, make a copy for their contract file, and forward to DoA, Office of Accounts Payable for payment.

Contracts that have a portion (typically 10 percent) of the payment retained pending contract completion will require Contractors to submit final invoices that list each invoice number previously paid, the dollar amount withheld, and the total due as the final payment on the contracts. Memoranda to DoA, Office of Accounts Payable must accompany these invoices, stating they are final invoices and all monies retained are to be released. Contractors will be furnished with copies of the memoranda.

If there is a closeout audit to be completed at the end of the contract, any unpaid funds should not be paid until the audit is completed and the Contract Manager has reviewed the Final Audit Report. If full payment is made, it will be difficult for the State to recover any overpayment identified in the Final Audit Report.

Disencumbering Unused Funds

At the point of contract completion, the Contract Manager disencumbers any unused funds after contacting DoA, Support Certification for the specific figures. Prior to disencumbering funds, the Contract Manager should call Contractors to determine if there are outstanding invoices that have not been forwarded for payment. Sometimes final invoices are sent long after contracts expire due to company buy-outs, name changes, etc.

The Contract Manager will send memos to DoA, Support Certification indicating the contract number, Contractor’s name, and funding information including source and charge district, EA, special designation and object codes and the amount to be disencumbered (usually, once funds are disencumbered, they cannot be re-encumbered for the same contract if the FY for which they are encumbered has ended). A copy of the disencumbrance memo should be retained in the contract file.

Funds for the current FY must be disencumbered far enough in advance so that they may be re-encumbered for other services or purchases prior to June 30 (end of the FY). Most funds will be lost unless expended under the contract before its expiration.

Contractor Evaluation

Contract/Contractor Evaluations (STD. 4) must be prepared for all consultant service contracts of \$5,000 or more and all A&E, Environmental, and related technical services consultant contracts. While the Contract Manager must prepare a STD. 4 only for consultant or personal services contracts of \$5,000 or more, the performance of other service Contractors should, nevertheless, be evaluated.

STD. 4 forms for all consultant service contracts of \$5,000 or more are returned to DPAC in an envelope marked “Confidential” within sixty days of completion of contracts. Being confidential, they are not public documents, DPAC and DGS Office of Legal Services (OLS) must maintain them in separate, central, confidential files.

Required retention for copies of completed STD. 4 forms including Contractors' responses is 36 months.

STD. 4 forms or A&E Consultant Performance Evaluation Reports (ADM-2031), must be prepared for all A&E, Environmental, and related technical services consultant contracts. They, however, are considered not confidential. DPAC maintains the completed STD. 4 or ADM-2031 for all A&E, Environmental, and related technical services consultant contracts in a separate file. In accordance with the California Public Records Act, these evaluation reports are subject to disclosure upon request.

In cases of negative findings, DPAC must forward copies of STD. 4 or ADM-2031 to DGS/OLS within five days of the evaluation receipt. DPAC must send copies of negative evaluations to Contractors within 15 days of evaluation receipt. Contractors, in turn, have 30 days to respond to the negative evaluations.

Contract File Closeout

Once Contract Manager inputs final documentation information into an electronic file, it also becomes an inactive file. For conventional files, Contract Managers should make notations that all documents are complete, all invoices have been paid, and the DoA has disencumbered any remaining funds.

Caltrans' records retention schedule requires that both conventional and electronic contract files be retained for five years. The last two years may be in Caltrans' Material Warehouse in Sacramento (DPAC Warehouse). Record retention applies to the Contract Managers' files as well as DPAC's files.

5 Acronyms and Abbreviations

A&E	Architectural and Engineering
ARC	Audit Review Committee
Audits	Division of Audits and Investigations
CCRC	Consultant Claims Review Committee
CHP	California Highway Patrol
CM	Contract Manager
COM	Computer Output to Microform Converters
CSCM	Caltrans Service Contract Manual
CSCR	California State Contracts Register
DBE	Disadvantaged Business Enterprise
DCO	Departmental Contract Officer
DD	Deputy Director or Deputy Directive
DGS	Department of General Services
DGS/PD	Department of General Services' Procurement Division
DIR	Department of Industrial Relations
DLSR	Division of Labor Statistics and Research
DoA	Division of Accounting
DP	Director's Policy
DPAC	Division of Procurement and Contracts
DVBE	Disabled Veteran Business Enterprise
EDD	Employment Development Department
EFA	Emergency Force Account
FHWA	Federal Highway Administration or Federal Transit Authority
FTA	Fund Transfer Agreement
GC	Government Code
GFE	Good Faith Effort
GPWR	General Prevailing Wage Rate
Handbook	Contract Managers Handbook
IA	Interagency Agreement
IFB	Invitation for Bid
IRS	Internal Revenue Service
IT	Information Technology
LC	Labor Code
LCO	Labor Compliance Officer
MB	Micro Business
MM	Management Memo
MSA	Master Service Agreement
OCR	Office of Civil Rights
OCR	Optical Character Recognition
OLS	Office of Legal Services
ORIM	Office of Risk and Insurance Management
OSDS	Office of Small Business and DVBE Services
PCC	Public Contract Code

PS&E	Plans, Specifications, and Estimates
PWR	Prevailing Wage Rate
Q&A	Questions and Answers
RFI	Request for Information
RFLOI	Request for Letters of Interest
RFP	Request for Proposal
RFQ	Request for Qualifications
SB	Small Business
SAM	State Administrative Manual
SCM	State Contract Manual
SHC	Streets and Highway Code
SOW	Scope of Work
SPB	State Personnel Board
SOQ	Statement of Qualifications
VCGCB	Victims Compensation and Government Claims Board