

STATE CONTROLLER POLICY

MONITORING REVIEWS - OSC CONTRACT APPROVAL DELEGATION

- 1) **Purpose.** The Office of the State Controller (OSC), Central Contracts Unit (CCU) monitors contract execution and performance and compliance with the provisions of OSC Policies, Fiscal Rules, and State Controller's contract approval delegation by State Agencies and Institutions of Higher Education (Agencies and IHEs).
- 2) **Monitoring.** Monitoring consists of interviewing staff and reviewing contracts, contract files, and other documentation. During the contract review process, please have knowledgeable staff available to answer questions and ensure that Monitors have access to computers with Internet access.
- 3) **Frequency.** The CCU anticipates monitoring Agencies and IHEs every other year, or as frequently as necessary, in the OSC's judgment, to determine whether an Agency or IHE represents a State contracting risk.
- 4) **Pre-Monitoring.** Monitoring will be scheduled and arranged as follows:
 - a. **Time and Place.** The CCU will contact Agencies or IHEs to arrange a mutually agreeable time and place to conduct the monitoring. Monitoring will usually take place at the Agency or IHE headquarters, although the OSC reserves the right to require submission of contracts and other documents to the OSC for in-house desk review. The Agency or IHE is responsible for providing a place where CCU staff can conduct interviews and review contracts and other documents for the duration of the monitoring.
 - b. **Contracts, Documents, and Interviewees.** The CCU will provide Agencies or IHEs a list of requested contracts (agreements, grants, and leases are types of contracts) and other documents to review and staff to interview not less than one week before the monitoring. Agencies or IHEs shall promptly inform the CCU of problems in meeting such request. The CCU will select contracts using various criteria designed to produce a representative sample of delegated contracts.
- 5) **Contract File Contents.** Agencies and IHEs are responsible for ensuring that in addition to the requested contracts, all information relevant to such contracts is available for CCU review during the monitoring, including, but not limited to, the following:
 - a. All exhibits, attachments, schedules, tables, etc. referenced in the contract.
 - b. In the case of a contract modification, a copy of the original contract and all prior modifications, including, a list of all amendments and other contract modifications related to the original contract. In lieu of a hard copy, this can be done as an attachment or via linking in CMS.
 - c. Any documentation supporting a "fair and reasonable" determination; for example, an appraisal for purchase of an interest in real property or information about vendor bids.
 - d. A copy of Colorado Secretary of State Web page information regarding the Contractor showing it in good standing and identifying the registered agent (individuals and governmental units are not required to register; however, individuals using a dba may register it).
 - e. Documentation that required insurance and/or bonds have been obtained.
 - f. Copies of any necessary Central Approver approval documents, including, but not limited to, the following
 - i. OIT certifications for IT contracts,
 - ii. DHR personal services review or certification form (not applicable to IGAs or IAs),
 - iii. The SPO Director's approval If the contract term extends beyond five years (not applicable to IGAs or IAs), and
 - iv. The SPO Director or delegate's Sole Source waiver if the contract is sole source (not applicable to IGAs or IAs).
 - g. A copy of the encumbrance showing level 3 approval.
 - h. A copy of the CMS (CLIN and CLI2 for older contracts) record and other methods used to track contracts.
 - i. A copy of any risk analysis performed.
 - j. All pertinent documentation such as explanations (emails, letters, etc) regarding contract issues, unusual contract situations, extenuating circumstances, statutory violations, and late contracts.
- 6) **Post-Monitoring.** Following the monitoring, the CCU will prepare a written report detailing the results of the monitoring, including staff interviews, processes and contracts reviewed, compliance issues, recommendations, technical assistance rendered and requested, and Agency feedback received. Agencies or IHEs have 45 days in which to respond to the initial report. The CCU will incorporate such responses, add its responses, and issue a final report.

David J. McDermott, CPA
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