



# Texas A&M University – Corpus Christi

## Procurement & Disbursements Department

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### Contract Risk Matrix

	1	2	3	4	SCORE PER CATEGORY
<b>Dollar Value \$</b>	Delegated Spend	Delegated Spend to \$100K	Over \$100K	Over \$1 million	
<b>Payments</b>	Fixed Price: One-time payment	Fixed Price Interval payments	Cost Reimbursable	Performance based payment	
<b>Complexity</b>	Routine/Recurring Purchase & Not Critical Use items	Routine/recurring purchase But mission critical	Complex But Not Mission Critical	Complex Project & Mission Critical	
<b>Vendor</b>	Regular	Frequent Use	Occasional	New Vendor	
<b>Schedule</b>	One-time or simple delivery	Frequent deliveries	Milestones/Phased Completion /Dependent phases	New or Innovative Initiative	
<b>TOTAL SCORE</b>					

## Risk Matrix Instructions

This information and the accompanying matrix are designed to facilitate contract monitoring following the recommendations of the Texas Statewide Procurement Division (SPD) and The Texas A&M University System Contract Management Handbook. The intent is to provide a mechanism where clear expectations are established, followed by both the contractor and Texas A&M University-Corpus Christi (TAMUCC) and to lead to successful contract performance, positive vendor relationships and to mitigate risk to TAMUCC in the event of unsatisfactory performance. For purposes discussed below, "contract" refers to either a signed contract or purchase order.

Not every contract requires the same degree of monitoring but a healthy approach is for the level of contract monitoring to mirror the level of contract complexity and/or contract risk. Since the goal is to monitor for successful outcomes, many variables must be considered. For example, certain contracts will have higher dollar values but will be simple in performance while some lower dollar value contracts may be highly complex in performance. The distinction of contract complexity risk depends on a number of variables and will require the departmental end user to apply independent judgement to assess the following conditions to their specific situation.

How to determine level of Contract Monitoring – (how much risk is associated with a contract).

While the following cannot capture every element in every scenario, these parameters serve as a general guide to assess the level of required contract monitoring. Using the assigned numbers following each risk assessment description, then see the respective score categories below to identify contract monitoring processes:

For example, an office supply order of regular used items ordered from the same vendor would score a "6" in the above five categories due to frequent deliveries which should be checked for accuracy (i.e. score 1 in all categories except "Schedule", where a 2 would be scored). On the opposite end of the risk spectrum, an RFP issued to identify a new vendor to outfit new technologies in multiple facilities with compensation tied to phased completion of equipment purchases and installation services could score a 3 or 4 in multiple categories.

**\*\*NOTE\*\*** - Commitment of TAMUCC resources, to include personnel, facilities, equipment or intellectual property, are not included in the scoring matrix

above. However, any commitment of these resources elevate the need for monitoring to assure appropriate stewardship.

### Total Score

*For all contract monitoring, it is **imperative** the TAMUCC personnel assigned to monitor the contract communicates with the appropriate vendor personnel to enable contract completion.*

If risk score = 5, monitor:

- delivery date
- confirm items align to specifications ordered
- confirm price and invoice

If risk score = 6 -10, monitor:

- interval or recurring deliveries
- timely delivery if mission critical
- new vendor performance
- pricing and invoicing align to contract terms

If risk score = 11 – 24, monitor:

- Clearly defined expectations – if not specified in contract, establish in writing, confirm with vendor and retain with contract file.
- Clearly defined payment obligations – if not specified in contract, establish in writing, confirm with vendor and retain with contract file.
- Clearly defined milestones or phases – if not specified in contract, establish in writing, confirm with vendor and retain with contract file.
- Payments to vendor coincide with acceptable completion of objectives and/or milestones as deemed acceptable by TAMUCC.
- Any TAMUCC resources applied are assessed for appropriate application to the contract objectives
- Vendor performance is regularly reviewed and discussed.
- Phased objectives are reviewed regularly for target date completion.
- Mission critical endeavors should require regular updates with review and accountability conducted by TAMUCC personnel.
- Site visits are conducted as deemed appropriate to ensure vendor performance. Desk reviews of the project are regularly conducted.

Should vendor performance not meet expectations, it is essential that this be immediately communicated to the vendor, in writing, along with intended outcomes to remedy. This written communication should be followed with a meeting or call to outline possible resolutions and these actions should be established and agreed upon in writing. Generally, this will resolve the issue.

Should the vendor fail to address identified remedies in a reasonably established time, the TAMUCC personnel with contract oversight responsibilities should reach out to the Procurement Department or Contracts Office for further guidance.