



PRACTICES GUIDE

SERVICE LEVEL AGREEMENT/MEMORANDUM OF UNDERSTANDING

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Document Purpose

This Practices Guide is a brief document that provides an overview describing the best practices, activities, attributes, and related templates, tools, information, and key terminology of industry-leading project management practices and their accompanying project management templates.

Background

The Department of Health and Human Services (HHS) Enterprise Performance Life Cycle (EPLC) is a framework to enhance Information Technology (IT) governance through rigorous application of sound investment and project management principles, and industry best practices. The EPLC provides the context for the governance process and describes interdependencies between its project management, investment management, and capital planning components. The EPLC framework establishes an environment in which HHS IT investments and projects consistently achieve successful outcomes that align with Department and Operating Division goals and objectives.

A Service Level Agreement(s) (SLA) is a contractual agreement between an internal or external service provider and their customer specifying performance guarantees with associated penalties should the service not be performed as contracted. A Memorandum(s) of Understanding (MOU) is a legal document that outlines the terms and details of an agreement between parties, including of each party's requirements and responsibilities

Practice Overview

To better manage your customers' expectations or an agreement between two or more parties, a SLA and/or a MOU needs to be negotiated. These agreements will help to create a common understanding about the agreement and the responsibilities.

A SLA or MOU should be thought of as a communications tool or a conflict prevention tool. They are documents that need to be evaluated and reassessed over time. Benefits of the agreements include:

- Identifying and defining the needs of the customer or parties involved in the agreement
- Providing a framework for common understanding of the agreement
- Encouraging communication in the event of issues
- Documenting expectations of the parties involved by signing the agreement

Practice Best Practices

The following best practices are recommended for a **SLA or MOU (agreements)**:

- **Gather Customer Requirements for the Agreement** – The customer or parties involved will have specific expectations about what the agreement will cover. The Project Manager is responsible for coordinating the input from the various parties involved and collecting the requirements, identifying roles and responsibilities and performance criteria, and establishing the boundaries of the agreement.
- **Develop the Agreement** – Develop the agreements in collaboration with the customer and other parties involved to allow for open communication and easier documentation of requirements, procedures, roles and responsibilities, expectations, reporting requirements, and commitments.
- **Establish a Change Process for the Agreement** – Develop a change process for addressing updates to the agreements.
- **Sign the Agreement** – All parties involved sign the SLA or MOU.
- **Implement the Agreement** – Once all parties involved have approved the agreements, the agreement period begins. Changes to the agreements will need to follow the change process that had been previously agreed upon by all parties involved.
- **Evaluate the Agreement** – Evaluate the agreement based on agreed upon performance criteria.

- **Report the results of the Agreement** – Based on the agreed upon reporting requirements, the results of the agreements are reported to all parties involved.
- **Maintenance of the Agreement** –The agreements should be revisited to ensure that the agreements are still valid. The frequency of reviewing the agreements should be considered during the stage where the requirements are gathered. Use the change management process that has been established for the project to manage changes to the agreement.

Best Practices Roles and Responsibilities

Role	Responsibility
Project Manager	Gather Customer Requirements for the Agreement
Project Manager, Customer, other parties	Develop the Agreement
Project Manager, Customer, other parties	Sign the Agreement
Project Manager, Customer, other parties	Implement the Agreement
Project Manager, Customer, other parties	Evaluate the Agreement
Project Manager	Report the results of the Agreement
Project Manager	Maintenance of the Agreement

Practice Activities

- **Establish the Purpose of the Agreement** – Document the expected outcome of the agreement.
- **Document Assumptions** – Document the assumptions that are associated with the agreement.
- **Identify Audiences** – Identify the parties that need to be engaged in the development and execution of the agreement.
- **Assign Roles and Responsibilities** – Assign responsibility for each of the parties involved in the agreements.
- **Determine Requirements** – Determine the requirements and identify what needs to be included in the agreement. Specify the period of performance, including the consequences of not fulfilling the agreement. Include the availability of the service or product, where applicable.
- **Identify Performance Criteria** – Identify the performance criteria for the agreement and how it will be measured.
- **Report Information** – Identify what information needs to be reported, the frequency of the report and how information will be provided to the parties involved in the agreement.
- **Establish the Process** – Identify and document any procedures that will need to be executed as part of the agreement or for the maintenance of the agreement. This includes actions that need to be taken to escalate an issue.
- **Document the Agreement** – Document the agreement.
- **Approve the Agreement** – All parties involved authorize the agreement to be executed.
- **Execute the Agreement** – All parties are working under the agreement. The agreement is valid for duration of the agreed upon timeframe.
- **Revisit the Agreement** – Revise the agreement, as required.