Contract Administration: Tips for Improving your Contract Administration Process

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Following the award of a contract, the management actions that must be taken to assure full compliance with all of the terms and conditions contained within the contract documents(s), including price.

*From NIGP Public Procurement Dictionary of Terms.
A person employed by an agency that is charged with oversight of the overarching process to ensure that a contractor has performed in accordance with the SOW. Responsible for the procurement process, contract formalizing, serving as a contact on contractual matters, serves as the repository for records, monitors compliance, manages the change order process, and oversees the contract close-out process.
Contract Administrator

A person employed by an agency that is obligated with ensuring that the requirements of the contract are completed in a satisfactory manner to the end-users. It is the obligation of the CA to report information, provide documentation, and ensure that the contracts are efficiently carried out.
A cross-functional team comprised of such members as the procurement contracting officer, subject matter expert, IT, engineering, legal advisors, price and cost analysts, quality assurance specialists, contracting officer’s representative who all offer their expertise to the contract.

*From NIGP Public Procurement Dictionary of Terms.

The Contract Manager and Contract Administrator are members of the CAT.
Contract Management Cycle

- Contract Manager
- Contract Administrator
- Contract Administration Team
- Other Functional Teams
- Vendor/Supplier
Contract Administration

- Development of Specifications
- Contract Kick-Off
- Progress Meetings
- Monitoring
- Reports
- Documentation
- Inspection and Acceptance
- Dispute Resolution
- Invoice Reviews
- Contract Close-out
- Automation!
One of the most important steps in the Contract Administration process is the development of the specifications. Emphasis should be placed on planning and researching the requirements of the goods or services to be provided. Failure to include all of the requirements in the specifications can lead to a failure in the Contract Administration process.
Development of Specifications

What?
When?
Where?
How Much?
Why?
Contract Kick-Off

- Establish a list of responsibilities of the Contract Advisory Team.
- Establish an agreement with the Contract Administrator on oversight responsibilities.
- Conduct a Contract Kick-Off meeting with the Contract Advisory Team and the vendors representatives.
- Establish a timeline for contract compliance
Contract Kick-Off Meeting

- Goals of Each Party
- Timeline
- Deliverables
- Resources
- Reports
- Statutory and Policy Requirements
- Close-out Expectations
Timeline

Defense Contract

5. Contractor Meridian Inc. arrives on site and provides initial services: 7/10/2007
7. Second visit to site by Meridian Inc.: 9/2/2007
10. Selection Unit receives bids for contract: 10/8/2007
12. PWGSC gives verbal award of contract to Contractor Meridian: 10/18/2007
Kick-Off Meeting Agenda

Goal and Objective for the meeting

Review of Agenda

Introductions

Agency Team and their roles (point of contact for Contractor)

Communication Protocol

Implementation Timeline

1. Decisions or obstacles impacting timeline
2. Factors to be considered
3. Due dates for gathering & definition of requirements (if applicable)
4. Impact on other agencies/divisions/units (if applicable)
5. Specific Contractor implementation tasks
6. Specific Agency implementation tasks

Structure and Frequency of future meetings

Financial and Performance Monitoring Considerations
Progress Meetings

Â Format
Â Duration
Â Frequency
Â On-site or Remote?
Progress Meetings

Å Goals and Objectives of Both Teams
Å Financials
Å Cost Savings/Revenue
Å Next Steps
Å Reports
Monitoring - a tool, whereby certain procedures are developed to assure the public entity that contracted services are being delivered in accordance to the terms and specifications of the contract.

*NIGP – Dictionary of Terms*
• Monitoring Quality
• Monitoring Change Orders
• Monitoring Schedules
• Monitoring Disputes
• Monitoring Budgets and Payments
• Monitoring Subcontractors
• Monitoring Reports
• Monitoring Acceptance and Close-out
Inadequate monitoring is often the result of the following:

Â Poorly established criteria for evaluating vendor performance;

Â Failure to Communicate and Document;

Â Failure to conduct follow-up reviews to ensure that corrective action was taken; and,

Â Failure to identify the risk and level of review necessary for each vendor.
Monitoring

**Inspections**
- Periodic
- Acceptance
- Final

**Random Sampling**

**Reports/Data**

**Audits**
- Internal
- External
Clearly define the report requirements, frequency, content, format, and audience in the specifications. In addition, if the reports are required for statutory or policy purposes, provide supporting documentation to support the report.
Examples of Reports

- Service Level Reports
- Progress/Milestone Reports
- SBE/HUB Business Reports
- Product Usage
- Ordering Activity
- Historical Metrics
- Asset Report
- Revenue Reports
- Statutory Reports
- Regulatory Reports
- Close-out Reports
Documentation

- Specification Development
- Bidding/Proposal
- Evaluation
- Contract Negotiation
- Contract Administration
- Close-out
### Contract File Documentation

- Contract
- Bid Documents
- Notice of Award
- Bonds and Insurance
- Conflict of Interest Form
- Post Award
- Notice to Proceed
- Performance Monitoring
- Renewals
- Amendments to Contract
- Price Escalations
- Minutes from Meetings
- Dispute Documentation
- Stop Work orders
- Terminations
- Inspection
- Punch-list
- Cure Notices
- Acceptance
- Rejection
- Liquidated Damages
- Close-out
- Training Materials
- Warranties
- General Correspondence
- Receipts
- Invoices
1. Contract Monitoring and Administration Checklist
2. Contract Management Checklist
3. Contract Close-out Checklist
This Contract Monitoring & Administration Checklist shall be used by the Contract Administrator as defined in Operating Policy 72.04 to manage the above referenced contract. The use of this Checklist helps to assure proper management of the contract and provides a record that professional management practices were used in the monitoring and administration of the contract. This Checklist is in addition to, and not a replacement of, the requirements in Operating Policy 72.04 and any departmental required monitoring processes and procedures. Any questions concerning the use of this Checklist can be directed to Contracting Office.
Documentation

I hereby certify in compliance with Operating Policy 72.04 that I have monitored the vendor’s performance, managed university resources used in the contract performance, authorized payments consistent with the contract documents, resolved and documented minor disputes in a timely manner and corresponded with the Contracting Office when necessary, documented significant events or milestones, and maintained appropriate records as required by applicable record retention law.
Inspection and Acceptance

Inspection ensures that the goods or services are compliant with terms and conditions of the contract. After satisfactory inspection, a final acceptance should be granted.
Inspection and Acceptance

Inspection ensures that the contract is fully performed by guaranteeing that the goods or services are received in compliance with the specification.

Acceptance entitles the contractor to payment and limits the rights of the agency to seek remedy if contract non-compliance is found latter.
A standard inspection clause should address the following responsibilities for each party:

- Right to inspection
- Cost of Inspection
- Place of Inspection
- Allowance for Testing
- Time of Inspection

*NIGP – CPPO Prep Book*
Acceptance

Upon the conclusion of inspection or testing, the agency shall accept or reject the goods or services. Acceptance should be formalized in writing and may require acceptance by both parties. Any remaining deficiencies that need to be addressed, should be done in writing with a plan established for correction.
If goods or services are rejected, the agency can pursue any of the following:

å Determine is the vendor is entitled to partial, full, or no payment.

å Pursue corrective action

å Pursue adjustment in price

å Determine if there is a default and pursue damages.

* From the NIGP CPPO Prep Guide
A dispute is a contractual disagreement or misunderstanding between contracting parties specific to contract provisions or language. Resolution is usually through pre-established administrative procedures or agreed upon alternative dispute resolution provisions.

* From the NIGP CPPO Prep Guide
Dispute Resolution

The process must be clearly defined in the specifications including any statutory language.

Most government agencies cannot agree to binding arbitration and this language must be modified in the contract.
Dispute Resolution

To the extent that Chapter 2260, *Texas Government Code*, is applicable to the Agreement and is not preempted by other applicable law, the dispute resolution process provided for in Chapter 2260 and the related rules adopted by the Texas Attorney General pursuant to Chapter 2260, will be used by TTU and Contractor to attempt to resolve any claim for breach of contract made by Contractor that cannot be resolved in the ordinary course of business. The chief business officer of TTU will examine Contractor's claim and any counterclaim and negotiate with Contractor in an effort to resolve such claims. The parties specifically agree that (i) neither the execution of the Agreement by TTU nor any other conduct, action or inaction of any representative of TTU relating to the Agreement constitutes or is intended to constitute a waiver of TTU’s or the state's sovereign immunity to suit; and (ii) TTU has not waived its right to seek redress in the courts.
Invoice Reviews

Invoices should be reviewed by the Contract Administrator for compliance with the contract. Payment should not be made for any goods or services not received. The receipt shall document the Contract Administrator’s acceptance of the invoice. In addition, Accounts Payable should review the invoice against the PO/contract for compliance. If review of invoices is not feasible, the Contract Manager may elect to perform random invoice reviews for compliance.
Payment terms should be defined in the specifications.

- Net payment days
- Method of payment (ACH, Check, Card)
- Prompt Payment Discounts
- Advance Payments
- Progress Payments
- Completion Payments
- Withholding Payments
- Assignment of Claims
A contract is complete when all obligations contained therein have been fulfilled by both parties. Once the parties recognize the acceptance, the parties shall complete the close-out process. Universities should have a close-out checklist to guide through the completion of major or high-risk contracts/purchases.
1. Contract Repository
2. Contract Drafting
3. Contract Routing
4. Signature Platform
## Contract Repository

### Contracts Alerts

<table>
<thead>
<tr>
<th>Alert</th>
<th>Timeline</th>
<th>Contract Number</th>
<th>Version Numbers</th>
<th>Contract Type</th>
<th>Supplier</th>
<th>Start Date</th>
<th>End Date</th>
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<tbody>
<tr>
<td>Expiring</td>
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<td>C06790</td>
<td>My</td>
<td>Renewal 0</td>
<td>TTU-Software</td>
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<td>C07968</td>
<td>My</td>
<td>Renewal 0</td>
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<td>TTU-Subscriptions</td>
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<td>TTU-Facility Leases</td>
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</table>

1-10 of 263 Results
Contract Repository

C02017
Wesco Distribution

**Contract Header**

- **Contract Number**: C02017
- **Contract Name**: Wesco Distribution
- **Contract Type**: TTU-Purchasing Agreements (Co-op)
- **Supplier Name**: Wesco Distribution Inc
- **Contract Status**: 
- **Summary**: Electrical Supplies E&I Contract CNR01238

**Dates and Renewal**

- **Time Zone**: CDT/CST - Central Standard Time (US/Cent)
- **Start Date**: 11/02/2014 01:00 AM
- **End Date**: 11/01/2015 11:59 PM
- **Auto-Renew**: Yes
- **Automatically Apply Price File with Renewal**: Yes
- **Renewal Term**: 1 Years
- **Renewals Remaining**: 2
- **Renewal No.**: 1

**Additional Details**

* Required
Contract Repository

- General Summary
- Contract Administrators
- Custom Fields
- Effective Date
- Expiration Date
- Renewal Features w Notifications
- Soft Copy
- Budget Compliance
- Spend Reports
- Insurance Tracking
- Integration with Purchasing System
Many contract platforms are available that allow the user to develop templates. The templates allow the preparer to create contracts by plugging in certain fields. This helps the University by establishing consistent contract terminology.
Signature Platform

Allows the University to submit electronic copies of agreements to vendors and other parties for a digital signature. The parties must agree to recognize the digital signature.
Follow us on Twitter @TxTechProcure
Email: techbuy.purchasing@ttu.edu
Website: http://www.depts.ttu.edu/procurement/
Phone: 806/742-3844
The following resources were used to supplement this presentation:

*NIGP Public Procurement Dictionary of Terms*

*NIGP CPPO Prep Book*

*Purchasing Handbook by George Aljian*