



TEXAS TECH UNIVERSITY™



Contract Administration: Tips for Improving your Contract Administration Process

Jennifer Adling
Director of Procurement Services

Contract Administration



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.

Contract Manager



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.

Contract Administration Team

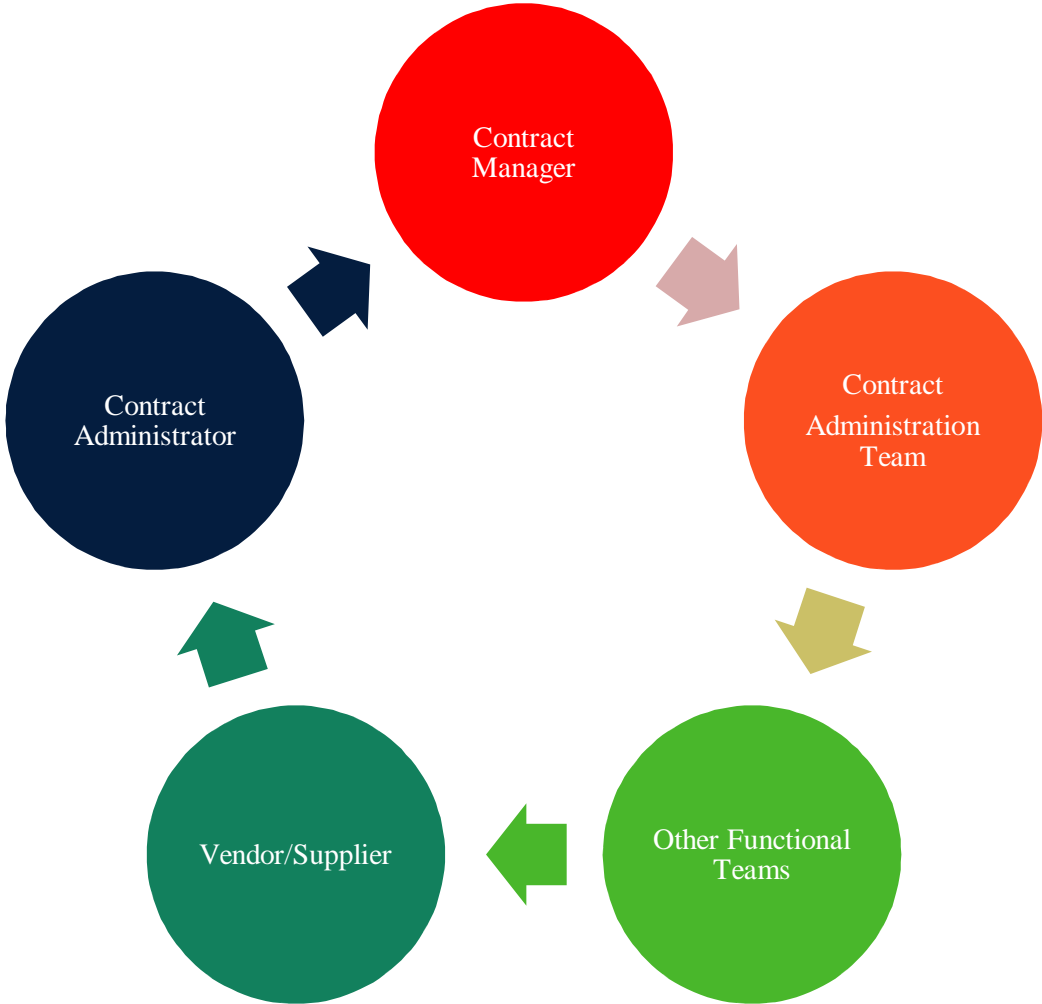


A cross-functional team comprised of such members as the procurement contracting officer, subject matter expert, IT, engineering, legal advisors, price and cost analysts, quality assurance specialists, contracting officer's representative who all offer their expertise to the contract.

***From NIGP Public Procurement Dictionary of Terms.**

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

Contract Management Cycle



Contract Administration



- Development of Specifications*
- Contract Kick-Off*
- Progress Meetings*
- Monitoring*
- Reports*
- Documentation*
- Inspection and Acceptance*
- Dispute Resolution*
- Invoice Reviews*
- Contract Close-out*
- Automation!*

Development of Specifications



” 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



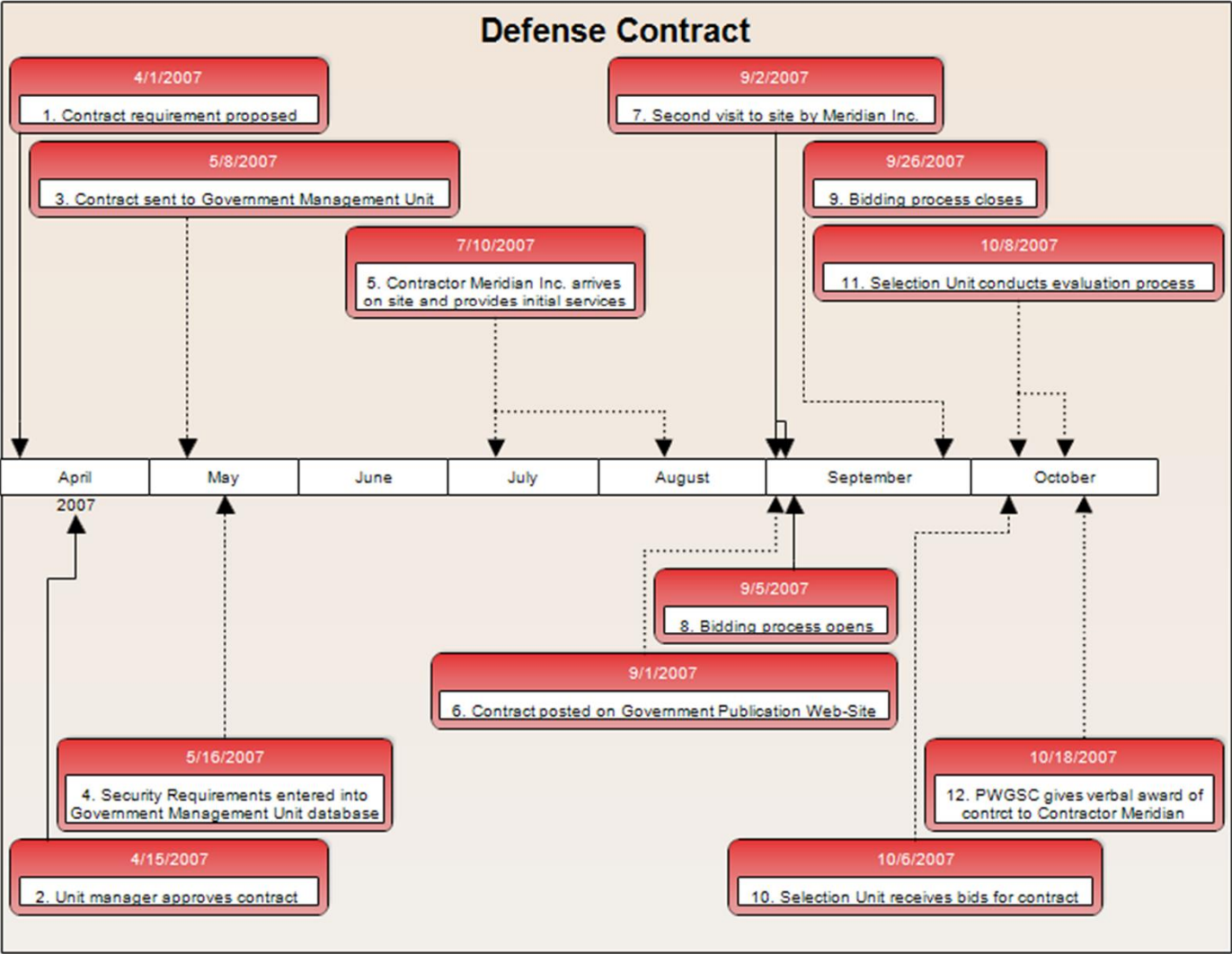
- Establish a list of responsibilities of the Contract Advisory Team.
- Establish an agreement with the Contract Administrator on oversight responsibilities.
- Conduct a Contract Kick-Off meeting with the Contract Advisory Team and the vendors representatives.
- Establish a timeline for contract compliance

Contract Kick-Off Meeting



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

Timeline



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



É Format

É Duration

É Frequency

É On-site or Remote?



Progress Meetings



É Goals and Objectives of Both Teams

É Financials

É Cost Savings/Revenue

É Next Steps

É Reports

Monitoring



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



- É Monitoring Quality
- É Monitoring Change Orders
- É Monitoring Schedules
- É Monitoring Disputes
- É Monitoring Budgets and Payments
- É Monitoring Subcontractors
- É Monitoring Reports
- É Monitoring Acceptance and Close-out

Monitoring



Inadequate monitoring is often the result of the following:

- “ Poorly established criteria for evaluating vendor performance;
- “ Failure to Communicate and Document;
- “ Failure to conduct follow-up reviews to ensure that corrective action was taken; and,
- “ 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*

Reports



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



É Specification Development

É Bidding/Proposal

É Evaluation

É Contract Negotiation

É Contract Administration

É Close-out

Contract File Documentation



- | | | |
|-----------------------------|--------------------------|--------------------------|
| " Contract | " Amendments to Contract | " Acceptance |
| " Bid Documents | " Price Escalations | " Rejection |
| " Notice of Award | " Minutes from Meetings | " Liquidated Damages |
| " Bonds and Insurance | " Dispute Documentation | " Close-out |
| " Conflict of Interest Form | " Stop Work orders | " Training Materials |
| " Post Award | " Terminations | " Warranties |
| " Notice to Proceed | " Inspection | " General Correspondence |
| " Performance Monitoring | " Punch-list | " Receipts |
| " Renewals | " Cure Notices | " Invoices |

Documentation



1. Contract Monitoring and Administration Checklist
2. Contract Management Checklist
3. Contract Close-out Checklist

Documentation



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.

Inspection



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.

Rejection



If goods or services are rejected, the agency can pursue any of the following:

- “ Determine if the vendor is entitled to partial, full, or no payment.
- “ Pursue corrective action
- “ Pursue adjustment in price
- “ Determine if there is a default and pursue damages.

* *From the NIGP CPPPO Prep Guide*

Dispute Resolution



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.

Invoice Reviews



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

Contract Close-Out



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.

Automation



1. Contract Repository
2. Contract Drafting
3. Contract Routing
4. Signature Platform

Contract Repository



Contracts Alerts



Contracts

My Contracts

Alert Type

All

Occurs Within

0-30 Days

1-10 of 263 Results

Alert [▲]	Timeline [▲]	Contract Number [▲]	Version Numbers	Contract Type [▲]	Supplier [▲]	Start Date [▲]	End Date [▲]
Expiring	In 1 Days	C06790	My ⁱ Renewal 0	TTU-Software	Wrights Media LLC	9/17/2014 12:00 AM	9/17/2015 11:59 PM
Expiring	In 1 Days	C07968	My ⁱ Renewal 0	TTU-Service Agreements	Hill & Wilkinson Construction Group Ltd	6/18/2015 12:00 AM	9/18/2015 12:00 AM
Expiring	In 1 Days	C07972	My ⁱ Renewal 0	TTU-Service Agreements	Everything but the Mime Inc	6/19/2015 12:00 AM	9/18/2015 12:00 AM
Expiring	In 1 Days	C08176	My ⁱ Renewal 0	TTU - Miscellaneous	M I Productions	8/3/2015 12:00 AM	9/18/2015 12:00 AM
Recently Expired	1 Days Ago	C06756	My ⁱ Renewal 0	TTU-Subscriptions	Bureau Van Dijk	9/15/2014 12:00 AM	9/14/2015 11:59 PM
Recently Expired	1 Days Ago	C07183	My ⁱ Renewal 0	TTU-Facility Leases	Texas A and M AgriLife Extension Service	12/15/2014 12:00 AM	9/14/2015 11:59 PM
Expiring	In 1 Days	C08171	My ⁱ Renewal 0	TTU - Miscellaneous	Everything but the Mime Inc	7/31/2015 12:00 AM	9/18/2015 12:00 AM
Expiring	In 2 Days	C06813	My ⁱ Renewal 0	TTU-Service Agreements	Enviro Ag Engineering Inc	9/19/2014 12:00 AM	9/18/2015 11:59 PM
Expiring	In 2 Days	C07439	My ⁱ Renewal 0	TTU-Service Agreements	Campuspeak Inc	2/24/2015 12:00 AM	9/18/2015 11:59 PM
Expiring	In 2 Days	C07630	My ⁱ Renewal 0	TTU-Athletics	JD Sports	4/13/2015 12:00 AM	9/19/2015 12:00 AM

1-10 of 263 Results

Contract Repository



C02017

Wesco Distribution

Type: TTU-Purchasing Agreements (Co-op)

Supplier: [Wesco Distribution Inc](#)

Dates: 11/2/2014 - 11/1/2015

Version: Renewal 1

[Open Main Document](#)

Summary

Header ✓

Attachments 1

eProcurement Setup

Budget and Spend

Applies To

Goods and Services

PO Clauses

Users and Contacts

Notifications

Contract Family

Contract Header

Contract Number * C02017

Contract Name *

Contract Type

Supplier Name * [Wesco Distribution Inc](#)

Contract Status

Summary Electrical Supplies E&I Contract CNR01238 [Edit Summary](#)

Dates and Renewal

Time Zone *

Start Date *

mm/dd/yyyy hh:mm a

End Date *

mm/dd/yyyy hh:mm a

Auto-Renew Yes No

Automatically Apply Price File with Renewal Yes No

Renewal Term

Renewals Remaining

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

Contact Drafting



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.

Resources



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



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