

CONTRACT MANAGEMENT AND ADMINISTRATION



**CONTRACT
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ADMINISTRATION**

KEY ELEMENTS FOR EFFECTIVE C.A: COMMUNICATION

- Contract that Clearly Identifies what Success looks like
- Effective Written Communication
- Track Milestones and Conduct Regularly Scheduled Performance Reviews
- Timely Identification of Performance Problems
- Immediate Written Response



CONTRACT ADMINISTRATION DEFINITIONS

- Contract Administration: the management of all actions, after the award of a contract, that **must be taken** to assure compliance with the contract.
- Contract Management: **all activity** that occurs in the contracting process.

OBJECTIVES OF CONTRACT.....

.....Management

- Satisfying the NEED: Seeing to it that you solicit for the goods and services by outlining a complete SOW or SOO through the following:
 - Planning Phase
 - Identify Stakeholders / SME's
 - SOW/SOO Development
 - Sign Off
 - Procurement Phase
 - Sourcing
 - Evaluations
 - BAFO/Negotiations
 - Contract Development Phase
 - Execution

.....Administration

- Satisfying the requirement – seeing to it that you receive the goods/services called for in the CONTRACT to the required level of performance and quality.
- Ensuring Compliance with all T's and C's
- Ensuring Timely Delivery – A product or service that meets all specifications isn't of much value if it received too late to be useful.
- Protecting Financial Interests – Includes monitoring payments, reviewing costs, ensure goods are in compliance before payment is made.

CONTRACT MANAGEMENT PLANNING PHASE:

- Identify Stakeholders / SME's
 - All Areas/Stakeholders impacted ie; Facilities, Tech Services, Accounting, HR, Warehouse etc.....
 - Who are the Decision Makers
 - Who defines Success!
- SOW/SOO Development
 - Who's the "Lead" in outlining the need
 - » Are they a "***Decision Maker***"
 - Establish Deliverables and Elements for Evaluation:
 - » Performance Standards
 - » Technical Requirements
 - » Commodity/Service Delivery Dates
 - » Project Schedules
 - » Payment Schedules
 - » Reporting dates
 - » Delivery of As-Builts

CONTRACT MANAGEMENT PROCUREMENT PHASE:

- Sourcing
 - E-Procurement Solution
 - Past Bids
 - Other Entities
 - Leverage your Associations
- Solicitations
 - Q and A
 - Engage your Stakeholders and SME's
- Evaluations
 - Determine Responsiveness
 - Evaluate Submittals against the SOW/SOO Requirements and Objectives
 - Reverse Traceability Matrix
 - Identify What you ARE NOT Getting
 - Confirm What You ARE Getting
 - Compare Solutions and Pricing
- BAFO/Negotiations
 - Engage ALL Stakeholders AND Your Legal Department
- Pre-Award Meeting
 - Meeting with ALL Stakeholders, Vendor, Vendor's PM Team, Your PM/CM Team

CONTRACT MANAGEMENT

CONTRACT DEVELOPMENT PHASE

- All Negotiations Are Completed
 - Exceptions to T's and C's
 - Deliverables Understood and Agreed to
 - Payment Schedules
 - Signatory Authority
 - Reviewed by all Relevant Parties
 - Not Necessarily the Sales Team!

CONTRACT MANAGEMENT EXECUTION PHASE

- Vendor Signature Prior to Award or After award is determined by the Entity
- Entity Should NEVER sign prior to Governing Body Approval

Contract Administration

Establish The Deliverables:

This comes from SOW/SOO

- Performance Standards and What is Acceptable
- Technical Requirements
- Commodity/Services Due Dates
- Report Due Dates
- Payment Schedules
- Due Dates for Progress Payments
- Consequences for Failure to Meet due Dates or Perform Satisfactorily

CONTRACT ADMINISTRATION ROLE:

These are outlined in your contract via SOW/SOO which is used to track deliverables.

- Monitor Contract Performance
- Contain Cost/Meet Schedules
- Scheduled and Unscheduled Inspections
- Confirm Work Performed – Compliance
- Contract Violations and discrepancies
- Document in Writing
- Maintain Records
- Corrective Actions – Cures
- Contract Modifications
- Receive in a timely manner
- Contract Modifications
- Change Orders/Price Changes
- Close Out

Let's Talk CHANGES....

Why Would a Contract Change?

- The assumptions on which the contract was based may change
- Circumstances regarding the purchase may change
- The initial Specifications or SOW may be found to be inadequate
- Poor Performance may require action to get the contract back on schedule, assess damages or even terminate the contract
- Administrative remedies due to inappropriate Contract Management

WHAT CAN BE DONE TO LIMIT CONTRACT CHANGES?

- Write Effective and Accurate SOO or SOW
 - Inadequately defining the need almost always guarantees Contract Administration problems ie; Unsatisfactory Performance, Delays in Delivery, Disputes over both parties obligations, Quality of Product or Services provided, Ultimately, Higher Costs.
 - Select Applicable Provisions – Payment Terms, Delivery Schedules/Requirements, Insurance Requirements

Basic Procedures

- Start a Contract Administration File and Include:
 - Original Contract
 - Project Management Plan
 - Change Orders / Contract Amendments
 - Memos outlining justification of any Changes
 - Show Cause and Cure Notices
 - Correspondence/Notes from phone/ email/ skype conversations
 - Any Required Reports and Sign Off
 - Minutes of any Meetings
 - Inspections/Audits/ Quality Assurance Checks

Timely Identification of Problems

- Is paramount to avoidance of schedule delays, delivery requirements, poor quality etc... First indicators of problems:
 - % of Progress Payments Exceeds % of Performance completion
 - Delayed Response to Correspondence
 - Supplier Requests for Delays
 - No Visible Progress – Empty Promises

Immediate Response

- A contractor must be clearly held accountable for their non-performance.
- They must be informed at the time the deficiency occurs.
- At this time a Cure Notice should be sent along with “Show Cause” and “Termination” procedures.

CONTRACT CLOSEOUT

- All goods/services received AND accepted
- All reports delivered and accepted
- All administrative actions accomplished
- All customer supplied equipment and materials returned
- Warranties/Maintenance plans received
- As-Builts Received
- Final Payment made

CONTRACT ADMINISTRATION TEAM

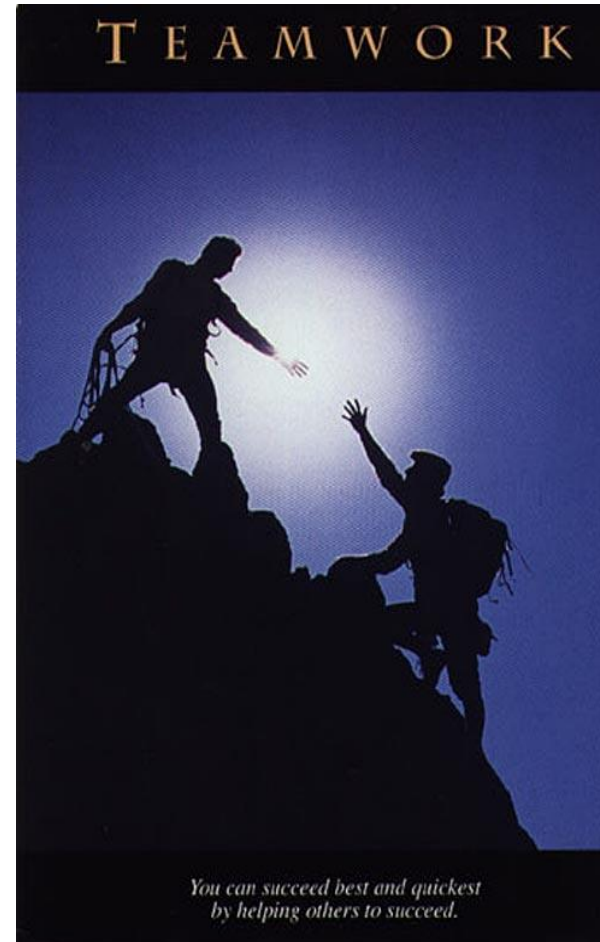
- May consist of the following individuals:
 - Purchasing Manager/Agent
 - Project Manager
 - Technical Experts
 - Legal Counsel
 - End Users

TEAM ROLES

- Purchasing Agent/Manager or Project Manager – Responsible for coordinating the activities of the different team members. Main responsibility is managing the Business Relationship.
 - Making sure the terms and conditions are adhered to, by all parties involved.
 - Authority for authorizing or recommending actions that reflect the formal business relationship
 - Understanding the requirements of the specifications of SOW
 - Focal point for correspondence
 - Ensure ALL direction is recorded in writing

TEAM ROLES

- Sponsor, Department Representatives/Technical Expert – Responsible for technical oversight of the contract, Identifying Requirements
- Legal Counsel – Responsible for reviewing Bids, Change Orders, Contracts, Resolutions, Sole Source Items and drawing up the contract and change orders (varies by entity)
- End Users – Vendor Performance Reviews, On-line Receipt, Contract Admin. Identifying Requirements



What Are these Roles??

- Monitor Contract Performance
- Contain Cost/Meet Schedules and Requirements
- Scheduled and Unscheduled Inspections
- Confirm Work Performed – Compliance
- Contract Violations and discrepancies
- Document in Writing
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