

Do's and Don'ts of Contract Administration

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GOVERNMENT PROCUREMENT & LEADERSHIP SOLUTIONS

What is Contract Administration

All Actions taken after contract execution to ensure proper mechanisms are in place to monitor and evaluate contractors, suppliers and service providers performance in fulfillment of their contract

It is a Partnership between the Entity and its Contractor

Contract Administrator is responsible for:

“ Getting What You Paid for NOT for What You Get”

Establish a Contract Team

COMPETENCIES:

Leadership Competencies: These include collaboration and vision.

Management Competencies: These include business administration, financial management, project management, and risk management.

Pre-Award Competencies: These include acquisition planning, requesting offers, and business development.

Award Competencies: These include price or cost analysis, negotiations, and source selection.

Post-Award Competencies: These include contract administration, quality assurance, subcontract management, contract changes and modifications, and contract closeout.

Learning Competencies: These include continuous learning, individual competence, and organizational capability.

Key Characteristics of a Contract Administrator:

Adaptable: a positive mindset plus an ability quickly change direction

Attention to detail: to spot errors, omissions, inconsistencies, ambiguous language and undefined terms in all forms of documents

Collaborative: a willingness to help and engage with the many

Command of the language the contracts are written in: to derive intent, understand nuance, express concepts clearly

Good listener: to actually hear what has been said and not said, and respond to people in a way which shows they've been heard

Organized: to deal with the known workload and allow for the unknown and unexpected

Problem solver: to anticipate issues and institute preventative measures and/or deal with unanticipated issues, instituting remedial and preventative measures

Self-motivated: a natural inclination to just get on with the job, autonomously or as directed

Thorough: to ensure that nothing slips through the cracks, that all applicable avenues have been explored and points of view considered

Knowledge Base of a Contract Administrator:

Contract lifecycle management: a general understanding of CLM, its stages and common activities, and the individual steps in each activity

Project Management Methodologies: a general understanding of initiating, planning, executing, controlling, and closing the work of a team to achieve specific goals and meet specific success - CONTRACT DELIVERABLES

Performance measurement: understanding of methods available for measuring contract performance in several areas and how to interpret the numbers

The regulatory environment: familiarity with the regulatory requirements applicable to your entity and understand limitations of authority

Your organization's policies and practices: covering staff behavior, general procurement, CLM decision rights and delegated authority levels.

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 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
- Sign Off

CONTRACT MANAGEMENT PROCUREMENT PHASE:

Sourcing

- E-Procurement Solution
 - Past Bids
 - Other Entities
 - Leverage your Associations
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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.

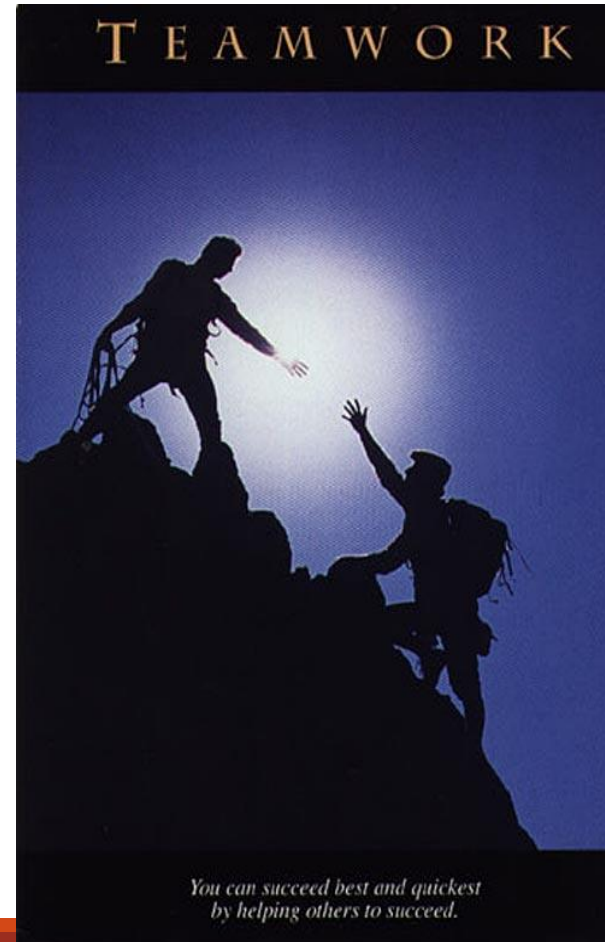
- Making sure the terms and conditions are adhered to, by all parties involved.
- Authority for authorizing or recommending actions that reflect the formal business relationship
- Understanding the requirements of the specifications of SOW
- Focal point for correspondence
- Ensure ALL direction is recorded 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??

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