



# Contract Administration Best Practices Guide

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This publication is designed to provide accurate and current information about the law and State policies.

Readers should consult the relevant codes and rules when relying on cited material. This document was created using Microsoft Word 2016 software.

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3.0	Revised release	7/30/2019	OSP

## How to Use This Guide

The purpose of the *Contract Administration Best Practices Guide* is to provide agency procurement personnel best practices on improving their contract management processes and practices. This information is intended to provide flexibility, as appropriate, to ensure that contracts are monitored to serve the best interests of the State.

This guide is designed to serve as a supplement to existing contract requirements and individual agency rules, policies and procedures. Each agency is responsible for implementing and documenting sound contract monitoring procedures in this guide, in accordance with State Procurement laws, regulations, policies and procedures.

The integrity of the procurement process demands that goods and services be furnished, received, invoiced, and paid as specified in the contract. Contract administration includes all actions taken by the State to a specific contract after the award is made, as outlined in this guide.

After the issuance of a contract document, the agency is responsible for contract administration to assure that the services or goods are provided in accordance to the terms of the contract. Planning and proactive management of the contract are crucial to effective contract administration.

The Buyer for the solicitation should ensure that a Contract Administrator is identified during the solicitation. Buyers are to note the Contract Administrator's name in the bid folder. Any correspondence to or from the contractor should be made available to the Contract Administrator. A Contract Administrator is recommended for all procurements and especially for all procurements for services of \$1,000,000.00 or greater annually.

## What is Contract Administration?

Contract administration is the monitoring of activities that take place from the time the contract has been awarded or signed until the contract is closed. The processes and activities vary depending on the complexity of the good or service that is being procured.

The activities of contract administration include, but are not limited to:

- Understanding the contract terms and conditions including the scope and performance indicators;
- Monitoring the contractor's progress and performance to ensure goods and services confirm to the contract requirements;
- Receiving and responding to communications between the agency and the contractor;
- Documenting all the actions and maintaining contract-related documents as part of the official contract file;
- Participating in resolving disputes in a timely manner;
- Conducting contractor performance evaluations as specified and closeout activities;
- Managing changes to contracts (change orders, amendments, addendums, renewals, extensions, termination, etc.);
- Maintaining and closing out the contract file.

Contract administration is successful when a few **essential elements** are in place and the process includes:

- Preparing a Contract Monitoring & Administration Plan;
- Convening kickoff meetings;
- Scheduling regular meetings or on-site visits to procurement agencies to monitor and discuss the progress of the contractor and their performance at least annually;
- Training for best practices in contract management, which can be obtained by the Office of State Procurement (OSP);
- Establishing good communication between the Office of State Procurement and procurement agencies before, during, and after the contract has been awarded and signed. This keeps all parties informed of compliance statutes and potential issues that may affect the fulfillment of the contractual obligations;
- Collecting meaningful performance data from user agencies;
- Assessing contract risks and monitoring contract performance metrics after the contract has been awarded;
- Implementing reporting tools and having processes in place for user agencies to report performance deficiencies to the Office of State Procurement;
- Using tracking tools to monitor spending patterns and whether a contract is working as intended;
- Collecting data from users regarding contract performance and customer needs for existing contracts, which is critical when drafting specifications to include in the next contract for similar products or services;
- Having procedures in place for expedient resolution of contract disputes and claims, encouraging informal resolution while ensuring that the contractor has a fair opportunity to be heard; and
- Documenting the need for any changes to specifications and terms and conditions within the general scope of the original contract.

# Roles and Responsibilities of a Contract Administrator

The Contract Administrator is the person that ensures that the contractor performs to the terms and conditions of the contract. The Contract Administrator's role and responsibilities include:

- Fully understanding the contract
- Communicating openly with the Buyer and contractor
- Maintaining contract administration file
- Reviewing and validating the contract monitoring plan
- Ensuring payment matches goods or services received
- Monitoring progress and performance
- Administering change

Several activities, sometimes called "on boarding," need to occur to transfer the role of leadership responsibility to the Contract Administrator:

## 1. Assigning the Contract Administrator

- Every requesting agency should assign a Contract Administrator, and this is particularly important for all procurements for services of \$1,000,000.00 or greater annually. The table below shows the different roles of the Contract Administrator and the purchasing office.

CONTRACT ADMINISTRATOR	PURCHASING OFFICE
Maintains Contract File	Serves as liaison between agency and contractor
Manages receipt of commodities	Manages any changes to the contract
Monitors & evaluates performance of services	Resolves disputes

## 2. Assembling the Contract File

- Gather the contract and any reports, forms, and / or checklists identified in the contract for use in monitoring contract performance.

## 3. Establishing Expectations

- After the award, the Buyer and Contract Administrator should schedule at least one meeting with the entire Contract Administration Team, if practicable. The Contract Administrator should assume responsibility for seeing that the following occurs at the meeting:
  - All key documents used in the administration of the contract are distributed, reviewed and updated as needed
  - Specifics on who, what, where, when and how tasks will be accomplished during the contract term are confirmed
  - Team members agree on how they will communicate and resolve problems
- If this is an IT project, the Contract Administrator should plan how to collaborate with the Project Manager, and they should have a contract kick-off meeting with the contractor.
  - The kickoff meeting with the contractor may be a formal meeting scheduled for a specific location, time or date, or it may be an informal meeting by phone. Both types of meetings should have an agenda and meeting minutes documented in the contract file with a copy sent to the contractor.

#### **4. Maintaining Communication Channels**

- Communication is the process by which meaning is assigned and conveyed to create shared understanding.
- There are many filters in communication that can create a lack of understanding. You may assume that the communication channels are open and find the parties to the contract are drawing different interpretations of what has been communicated.
- Communication, even verbal conversations, should be written and included in the contract file to be considered as evidence that the conversation took place.

#### **5. Processing Contract Documentation**

- There should be a written record of what you know and when you know it.
- Verbal agreements should be followed up with an email or letter and a copy retained for the file.
- Documentation provides proof of non-performance, contract claims, etc.
- Documentation is subject to review and audit.
- Keep documentation in one place. It may be stored electronically.
- Retain per agency policy.

#### **6. Conducting Post-Award Performance Reviews**

- Status review meetings should be specified in the contract and conducted on a regularly scheduled basis (monthly, quarterly, etc., or on completion of specified milestones such as delivery of a product or service).
- The contract should specify when these status review meetings occur in the statement of work or as a formal deliverable including the frequency, content, and required attendees.
- Updated information on status, issues, and concerns should be shared between the Buyer, Contract Administrator, and Contractor during these meetings. Each meeting should have a written agenda and written minutes.
- These meetings should augment any required written reports and help serve to continue an open and honest dialogue for issues related to contract performance.

#### **7. Assessing Contract Performance**

- In addition to the information provided by the contractor in various meetings and reports, the Contract Administrator should also observe contract performance to ensure performance is in accordance with contract requirements and to validate information received from other sources such as technical representatives or inspectors.
- a. Contract Monitoring Methods
- Contract Monitoring Methods include at least one of the following:
    - Sampling is used when you have a large quantity of items that need to be tested to assure they meet the quality requirements of the solicitation.
    - Inspections can be used for monitoring performance.
    - Laboratory testing may be used to ensure reliable results for specific characteristics.



#### b. Performance Indicators Monitoring

- A performance indicator means how one judges whether or not tasks or objectives of a contract are being achieved or not achieved. Performance indicators:
  - Are tied to goals and objectives of a contract (Statement of Work)
  - Measure success usually by a quantitative tool as a rate, ratio or percentage, for example, wait time of registration process for patients at clinic improved by 30%

#### c. Fiscal Monitoring

- Fiscal Monitoring determines whether all expenditures were:
  - In accordance with applicable laws, rules and regulations
  - Authorized by the contract
  - Directly related to the project
  - Properly documented
- Fiscal Monitoring determines if all funds were:
  - Properly accounted for
  - Paid according to the limits set by the agreement
  - Paid by the using agency
  - Met standard payment terms of pay immediately
  - Met three-way match requirements of PO, invoice and payment

#### d. Reporting Methods

- Reporting is one of the most critical elements of contract administration. Reports should be identified in the contract, sent to the purchasing office in charge of the contract and become a part of the official contract file.
- Common reports are:
  - Progress Reports from the contractor and end user
  - Vendor Performance Report
  - Contractor Performance Complaint
  - Contract Close-Out Report
- Frequency of required reports should be discussed at the Contract Kickoff Meeting.

### 8. Practicing Risk Management

- During the Pre-Award Phase, the requesting agency should perform a risk analysis to identify potential problems and solutions associated with risks to the solicitation and the ultimate contract.
- During the Award Phase, typical risks the Buyer may face are:
  - Inexperience of contractor
  - Contractor's poor past performance
  - Personnel turnover
  - Prior complaints or inquiries
  - High cost
  - Impact on agency
- During the Post-Award Phase, the Contract Administrator should be aware of risks and monitor and / or alert the purchasing office of potential problems.

a. Proposal Risk

- Although it should have been corrected during the Pre-Award and / or Award phase, there is a risk that the following could exist in the contract:
  - Failure to include a condition in the contract
  - Ambiguous language
  - Handwritten changes
  - Numerical or typographical errors, especially in quantity

b. Surety and Liability Risks

- Some means of protecting the financial and legal interests of the state include:
  - Insurance
  - Licensing of professionals performing services
  - Data Privacy
  - Performance Bond
  - Nondiscrimination and equal employment opportunity
  - Clearly defining the role and liability of subcontractors
  - Indemnity

c. Contractual Risks

- Processes should be identified for:
  - Unforeseen conditions
  - Authority to make changes
  - How changes may be made in writing
  - How disputes should be resolved
  - How breach of contract may be handled

d. Schedule Risks

- Processes should be identified to ensure timely delivery with specific delivery terms and consequences identified for failure to meet delivery terms.

e. Performance Risks

- Acceptance of performance should be clearly defined, including under what conditions acceptance may occur and what type of inspection is required.

f. Price Risk

- Payment terms should be defined including:
  - How contractor may be paid
  - When contractor may be paid
  - Options like progress payment and variable final payment based on performance
  - Payments terms linked to specific contract deliverables or milestones that have been accepted

Risks A - F should be addressed during the kickoff meeting with the contractor to avoid confusion in communication and ensure expectations have been set.

While it is important to try to identify all potential risks, it is most important to concentrate on those risks that have a high probability and a high severity. Risks are comprised of three elements:

- The event
- The probability
- The severity of the impact
  - Risks levels are identified by graduated numbers 1 – 5 for probability of occurrence, where 1 is low probability, 3 is medium probability, and 5 is high probability. This numbering is also applied to the impact or severity of consequences, where 1 is low impact, 3 is medium impact and 5 is high impact.
  - To record the risk level, you should use both the number from the probability of occurrence and the impact. (ex. 3-2 would be medium probability but the impact low) The risks you want to concentrate on are those that are medium-high to high. All risks may impact your monitoring plan.

<b>P R O B A B I L I T Y</b>	<b>HIGH/ HIGH</b>	5				
	<b>HIGH</b>	4				
	<b>MED</b>	3				
	<b>LOW</b>	2				
	<b>LOW/ LOW</b>	1	2	3	4	5
		<b>LOW/ LOW</b>	<b>LOW</b>	<b>MED</b>	<b>HIGH</b>	<b>HIGH/ HIGH</b>
		<b>IMPACT</b>				

**9. Avoiding Noncompliant Practices** – To reduce the risk of misunderstandings about contract performance, the following practices should be avoided:

- Asking a contractor to perform work outside of the Scope of Work
- Making promises or changes without appropriate approval
- Participating in activities that may lend themselves to misperceptions
- Obligating the State beyond the terms and conditions of the contract
- Making oral or written commitments or promises at variance with the contract terms
- Authorizing improper delivery / disposition of state-owned property
- Approving items of cost not authorized in contract
- Granting deviations or wavering from contract Scope of Work and or Terms and Conditions
- Changing the period of performance
- Authorizing use of subcontractors or overtime when not provided for in the contract
- Allowing substitutes for people identified in the contract without approval

**10. Resolving Requests for Equitable Adjustment (REAs) and Claims**

- A **REA** is a proposal submitted after the contract is awarded that attempts to negotiate a fair and reasonable settlement (usually to the contract price or schedule) between the parties without submitting a claim.
- A **dispute** is a disagreement or misunderstanding between contracting parties specific to contractor provisions or how a contract is being administered.
- A **claim** is a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of the contract terms, or other relief arising from or relating to the contract.

# Establishing and Maintaining a Contract Administration File

To ensure all contractual obligations are met, the agency should keep a complete master contract administration file. This contract file should provide the basis for settling claims and disputes should they arise in administrative or court actions. Throughout the life of the contract, this file provides a single, easily accessed repository for all documents related to the contract duties and performance.

Use the Contract Administration File Checklist to establish your contract file. This is a list of contents that should be included, but contents are not limited to items on the list.

## Pre-award documents

- A copy of the current contract and all modifications
- A copy of all specifications, drawings or manuals incorporated into the contract by reference
- A reference list or a list of prior contracts with this specific contractor (if they offer valuable historical data)
- The solicitation document, the contractor's response, evaluation determination, and the notice of award document
- A list of contractor submittal requirements
- A list of all information furnished to the contractor
- A Contract Monitoring and Administration Plan

## Post-award to contract closeout documents

- A copy of the contract kickoff meeting summary, if conducted
- A schedule of compliance review and internal correspondence, if applicable
- A copy of all general correspondence related to the contract
- The originals of all contractor data or report submittals
- A copy of all routine reports required by the contract such as sales reports, pricing schedules, approval requests, and inspection reports
- A copy of all notices to proceed, to stop work, to correct deficiencies, or to change orders
- A copy of all letters of approval pertaining to such matters as materials, the contractor's quality control program, prospective employees, and work schedules
- The records / minutes of all meetings, both internal and external, including sign-in sheets and agendas
- A copy of all monitoring reports: contract manager's status to supervisor, site visits, desk reviews, and expenditure documentation reviews
- A copy of all contractor invoices, information relative to discount provisions for prompt payment, letters pertaining to contract deductions or fee adjustments
- A copy of all backup documentation for contractor payment or progress payment; and copies of any audits
- Contract closeout documentation

According to A.C.A. § R1:19-11-214 (b), contract files must be retained for five (5) years after all contract renewals (if any) have expired.

Contract Administration File Checklist is in Appendix A.

## **Contract Monitoring & Administration Plan**

A Contract Monitoring & Administration Plan documents the contracting process from the development of the specifications to the contract closeout. This tool is developed in the pre-award stage to aid in contract administration and ensure that all activities are carried out effectively. This plan supplements, and is not a replacement of, the agency's established monitoring processes and procedures.

Possible activities in this plan may include:

- Determining the sequence of activities, dependencies, required outcomes, and acceptable performance levels.
- Developing a plan, including start and end dates for each performance component, including milestones with accompanying timeframes, monitoring and reporting requirements.
- Establishing clear lines of communication.
- Providing access to state facilities, equipment, data, staff, materials, and information. Monitoring contractor activity on a specified frequency to identify problem areas.
- Communicating with the contractor on a regular basis to review progress, discuss problems and necessary changes.
- Addressing actual problems and resolutions.
- Maintaining documentation of monitoring activities and resolution of identified defaults.
- Verifying receipt of specified services, goods and reports.
- Verifying that all performance measures and reports are completed in a satisfactory manner in accordance with the contract.

Contract Monitoring & Administration Plan Checklist is in Appendix B.

## **Contract Kickoff Meeting**

The contract kickoff meeting is held prior to the work start date with representatives from both parties (the contractor and state entity) in attendance. These meetings are important communication tools to use at the beginning of contract performance to discuss the roles and responsibilities of all parties to determine how performance should be evaluated, documents should be reported, among other things. It is important to have a good understanding of the standards of performance because it helps establish a positive relationship between all parties. It is an opportunity to clarify and resolve any potential misunderstandings. For small-value contracts or those of a very short duration, a face-to-face meeting may not be necessary, but at least a telephone conference should be held with an opportunity for questions and clarifications.

Contractors must submit a W-9 and all other required documents prior to the contract award process. The contract is not executed before all documents are received, or the State may reject the contractor due to failure to provide documentation that meets the applicable responsibility criteria.

Contract Kickoff Meeting Checklist is in Appendix C.

## **Contract Monitoring**

Contract monitoring is a key component of contract administration and is the key to enforcing the contract. The goal is to ensure the contract is satisfactorily performed and the responsibilities of both parties are properly discharged. An effective contract monitoring process mitigates risk (the probability of an event or action having an adverse effect on the agency). It can help minimize or eliminate potential problems, claims, and disputes.

Contract monitoring may not be the same for all contracts and the level of monitoring should be consistent with the complexity and level of risk. When designing a monitoring plan, it is important to review the Statement of Work and other contract terms, including contractor compliance requirements. The plan should focus on the outputs and outcomes that result from the contract.

Contract Monitoring Checklist is in Appendix D.

## Risk Assessment

Limited resources require the use of risk assessment to assess contract performance because there is not sufficient time to oversee all aspects of a contract. An effective risk assessment model should help focus monitoring resources on contractors or performance activities with the highest risk of noncompliance. First, identify risk factors. Risk factors are indicators that help evaluate the risk of the contract or project objectives not being achieved. General risk factors to be considered in development of the contract may include, but are not limited to:

- The contractor's past performance (and past performance of similar contractors)
- The impact of poor contractor performance on agency services
- Turnover in key contractor personnel
- Prior complaints or inquiries
- The dollar amount of the contract
- Factors from desk reviews such as the variance between expected and actual performance and budget
- Significant problems with payment requests
- Results of any desk reviews or expenditure document reviews
- Results of monitoring visits (including those completed by other agencies or divisions within the same agency that contract with the same contractor)
- The experience level of the contractor with the type of work to be performed
- Any requirements not met should be addressed, documented and maintained in the contract administration file

Risk factors during contract performance might include, for example:

- Multiple schedule delays or slow deliveries
- Frequent personnel changes or juggling of work assignments
- Vague or evasive responses to inquiries and status requests
- Lack of progress on completing deliverable on which other parts of a project depend
- Requests for milestone payments without finalizing deliverables
- Downplaying the seriousness of problems and their impact on project completion
- Lack of preparation or planning for upcoming requirements or activities
- Failure to return calls or respond to information requests

## Monitoring Reviews

Monitoring reviews establish expectations to determine when status reports for the contract will be due and to whom the reports will be sent. Review documentation can consist of audits, investigations, and Vendor Performance Reports. A best practice for larger projects is to have the first monitoring status report about thirty days after the start of the work.

The reviews evaluate performance and determine if follow-up action is needed for the contract. The goal of the follow-up is to bring the contractor back into compliance with the contract requirements. Follow-up is strongly encouraged as the problem will not correct itself simply because it has been identified and included in the monitoring review. These results should be used to improve the contract requirements for future contracts.

## Monitoring Contractor Performance

The contractor's performance (both satisfactory and non-satisfactory) should be documented. All performance problems or issues should be documented and should be addressed quickly, before issues grow.

Arkansas law (A.C.A. § 19-11-268) states agencies are to report a contractor's performance under a contract executed under this chapter if the vendor fails to satisfy the performance-based standards stated in the contract in a manner that represents a material deviation, excluding Property Leases and Construction Projects.

If issues arise that result in a Below Standard Performance, submit the VPR at the time of the occurrence. If a contractor is not meeting the required performance standards and you need assistance from OSP to resolve the issues, indicate in the comments section of the VPR that OSP will need to take further action.

## Disputes

Poor or non-performance should never be accepted. Document any issues and determine how to solve the problem in accordance to the contract. Proper dispute resolution is a core skill of successful contract administration. The goal of the resolution process is to resolve all problems before they escalate to the next level. It is essential to identify problems early in the performance period, use effective communication, and formalize the process in writing.

The general steps in the dispute resolution process are described below. However, nothing in this section will supersede the terms of the contract with respect to dispute resolution.

General Steps Governing Dispute Resolution	
Steps	Description of Step
Identify the Problem	The Contract Administrator should obtain all the information regarding the potential problem from all relevant sources, including the project manager, representative customers and the contractor.
Research Facts	Once the problem is identified, the Buyer should review the contract to confirm that the issue is a part of the contract. If the issue is not covered by the contract, the State entity cannot expect the contractor to perform outside the agreement.
Evaluate	The Buyer should review all the facts in conjunction with the requirements and terms and conditions of the contract. The Buyer should then confer with their manager to determine the appropriate course of action.
Discuss with the Contractor and Write the Plan of Action	Identify the problem to the contractor and discuss resolution. Frequently, what may appear to be a problem can be resolved by providing the contractor with information. The resolution should be in writing.
Meeting Strategy	If a meeting is necessary, the agency should prepare a plan and consider how to conduct the meeting, the desired result, the minimum acceptable result, likely responses, etc.

Be sure to complete a Vendor Performance Report to accurately document the problems and / or issues.

## Payment Process

The costs must be in accordance with the contract payment terms. The total payments must not exceed the contract limits. All payments to the contractor are dependent upon and subject to the availability of funds to the agency.

Invoices must be reviewed to ensure the contractor's billing coincides with the contract progress. This requires the contractor's progress to be measurable. If a requested payment exceeds the contractor's progress, the agency needs to request an explanation from the contractor prior to approval of the invoice.



Invoices must be approved prior to payment. The invoice should be reviewed to ensure:

- The contractor is billing only for goods or services received by the agency.
- The goods or services have been accepted.
- The invoice is correct and complies with the terms and conditions of the contract as to identity of the charges and any limits on rates or amounts.
- The total payments do not exceed the contract limits.

Service contracts are unique in that acceptance of a good or service is not necessarily an indicator that an invoice should be paid. Problems generally surface after invoices are paid. It is important to have performance-based standards to guard against poor performance.

## **Closing the Contract**

The purpose of closeout activities is to verify the parties to the contract have fulfilled their contractual obligations and there are no responsibilities remaining. It is the responsibility of the agency to ensure the work performed under a contract has been completed in a satisfactory manner and the contract is ready for closeout prior to final payment.

To initiate the closeout process, the agency should first determine that the contractor has satisfactorily performed all required contractual obligations. A contract is ready for close out when:

- All deliverables, including reports have been delivered, validated and accepted by the agency.
- The agency should compare actual performance against performance measures, goals and objectives to determine whether all required work have been completed.
- All agency furnished equipment and materials has been returned.
- All disputes or corrective actions have been resolved.
- All monitoring issues have been resolved.
- All property inventory and ownership issues are resolved including disposition of any equipment or licenses purchased under the contract.
- Contractor is aware of and in compliance with records retention requirements and a plan has been developed for contract file maintenance.
- Any deficiencies found as part of the closeout process are documented and communicated to all appropriate parties.
- Final payment has been made.

In addition, the contract closeout is the time to assess the success of the contract and determine if there are any lessons learned for future contracts. The contract administration file should document the life of the contract from the planning stage to the contract completion. The Contract Closeout Checklist and Contract Validation Checklist serves as a tool to assist the agency during the closeout process.

Contract Closeout Checklist is in the Appendix E.

Contract Validation Checklist in the Appendix F.

# Appendix A: Contract Administration File Checklist

It is the responsibility of each agency to ensure all contractual obligations are met and contract monitoring is documented. This checklist serves as a tool to assist the agency during that process.

**Completed By:**

**Department:**

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**Contract Number:**

**Contract Begin / End Date:**

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**Name of Contractor:**

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**Procurement Manager:**

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Contract Administration Activities	YES	NO	N / A
<b>General</b>			
Does the contract file contain a copy of the signed, executed current contract?			
Does the contract file contain the contract term and renewal information with any renewals signed?			
Does the contract file have a copy of all attachments listed in the contract?			
Does the contract file have all amendments and modifications?			
Does the contract file contain contact information and a call log for the contractor's key personnel?			
Does the contract file contain a problem escalation listing for the contractor?			
Does the contract file clearly state the contractor's "Legal Notices" address?			
Does the contract file indicate that a copy of the insurance certificate was obtained and is on file?			
Does the contract file contain any necessary licenses, certifications, etc.?			
Does the contract file contain all warranty information?			
Does the contract file contain all specifications, drawings or manuals incorporated into the contract by reference?			
Does the contract file contain a list of contractor submittal requirements?			
Does the contract file contain a list of all information furnished to the contractor?			
Does the contract file contain a list of government furnished property or services?			
Does the contract file contain all general correspondence related to the contract?			
Does the contract file contain originals of all contractor data or report submittals?			
Has a contract monitoring timeline been developed for all activities required under the contract?			

<b>Contract Administration Activities – Cont.</b>	<b>YES</b>	<b>NO</b>	<b>N / A</b>
<b>Project Monitoring</b>			
Has a project monitoring plan been developed, based on contract specifications or other applicable project or programmatic requirements?			
Does the contract file have all notices to proceed, to stop work, to correct deficiencies, or change orders?			
Does the contract file have all letters of approval pertaining to such matters as materials, the contractor's quality control program, prospective employees, and work schedules?			
Does the contract file have the records / minutes of all meetings, both internal and external? Include sign-in sheets and / or agendas?			
Does the contract file have all monitoring reports, contract manager's status updates to supervisor, site visits, desk reviews, and expenditure documentation reviews?			
Does the contract file have all records of complaints and contractor disputes?			
<b>Fiscal Monitoring</b>			
Has a fiscal monitoring plan been developed based on contract specifications or other applicable fiscal requirements? Details would include but not be limited to payment schedules, progress payments made and / or due, or other payment due dates, as required under the contract?			
Does the contract file have all backup documentation for contractor payment or progress payment and copies of any audits?			
Does the contract file have all contractor invoices, information relative to discount provision for prompt payment, letters pertaining to contract deductions or fee adjustments?			
Ensure the contract authorized total dollar value has not been exceeded.			
<b>Corrective Action Plan</b>			
Has a corrective action plan been developed to deal with any contract issues that might arise between the contractor and the agency? A corrective action plan should include complete contact information for the agency and the contractor and establish guidelines agreed to by both parties regarding escalation of issues to the next level of authority, should problems be encountered.			
<b>Reporting</b>			
Have periodic reviews been set up within this contract to discuss spend, customer service, pricing issues, billing and invoicing, etc.?			
Does the contract file have all routine reports required by the contract such as sales reports, pricing schedules, approval requests, inspection reports and performance reports?			

Contract Management Activities – Cont.	YES	NO	N / A
<b>Contract Closeout</b>			
Determine that the contractor has satisfactorily performed all required contractual obligations.			
Conduct a post-contract evaluation and the contract closeout procedures. Ensure process is documented.			
<b>List of Stakeholders</b>			
<p>Does the contract file contain the names and contact information for all major stakeholders in this project?</p> <p>A “stakeholder” is an individual or department that has had input into the development of the contract, and who would need to be notified at once should there be problems, proposed amendments (including cost or price changes), changes in the scope of work or schedule of deliverables, changes to the agreed upon timeline, decisions to exercise cancellation clause, decision to exercise options to renew and the like.</p> <p>Stakeholders would include:</p> <ul style="list-style-type: none"> <li>• Departmental Head</li> <li>• Purchasing Officer</li> <li>• Purchasing or Contract Specialist</li> <li>• Project or Program Manager</li> <li>• Budget Account Manager</li> <li>• Procurement Manager</li> <li>• Buyer</li> <li>• Business Process Owners</li> </ul>			

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Appendix B: Contract Monitoring & Administration Plan Checklist

Contractor Name: \_\_\_\_\_ Contract No.: \_\_\_\_\_

This Contract Monitoring & Administration Plan should be used by the agency with each of its contracts. The use of this checklist helps to ensure proper management of the contract and provides a record that professional management practices were used in the monitoring and administration of the contract.

**Instructions:** Please check “Yes” or “No” for each item listed below, to indicate which practices will be used in managing and monitoring the contract. **This plan should be signed by the designated Contract Administrator or project manager to certify that the practices indicated were used to manage and monitor the contract.** The signed checklist should be included in the contract administration file.

CONTRACT MONITORING & ADMINISTRATION TOOL			
BEST PRACTICES:	REFERENCES:	Will this “Practice” be used to manage this contract?	
		YES	NO
<b>Agency Written Procedures</b>			
1. Review the Contract Administration Guide.			
<b>Contract Administration File</b>			
1. Establish and maintain a formal Contract Administration File, throughout all phases of the contract lifecycle. Maintain records in accordance with the records retention policy.			
<b>Contract Development (Pre-Award or Pre- Contract)</b>			
1. Designate a person to be responsible for the day to day monitoring of the contract to ensure deliverables and obligations are met.			
2. Have a Risk Management Contingency Plan in place to address identified risks.			
3. Identify all proposed subcontractors.			

BEST PRACTICE Cont.	REFERENCES:	Will this "Practice" be used to manage this contract?	
		YES	NO
<b>Contract Monitoring</b>			
1. Identify and document each contract deliverable, specification, method of evaluation (i.e. report, delivery, and inspection) expected results, timeframe, budget and performance criteria.			
2. Maintain information in an accessible database that tracks deliverables (such as: contract management system, spreadsheet, MSOutlook).			
3. Conduct a "kickoff" or post award meeting with the contractor and establish a regular meeting schedule or follow the schedule specified in the contract.			
4. Require and utilize Progress Reports from the contractor.			
5. Conduct careful monitoring of contractor performance and maintain written records thereof.			
6. Have an internal plan for resolution of contractor performance issues. (Corrective Action Plan, Performance Fees)			
<b>Post Contract Administration</b>			
1. Conduct Post Contract Evaluations and Closeout Procedures.			
2. At the end of the contract, ensure that you have received a clearly marked FINAL invoice and progress report. Ensure the final invoice includes a signed certification stating that all expenses were true and accurate and for appropriate purposes in accordance with the contract.			

I hereby certify that the above indicated practices were used to manage and monitor the above referenced contract.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Appendix C: Contract Kickoff Meeting Checklist

Date: \_\_\_\_\_ Time: \_\_\_\_\_

Check the Discussed box after communicating about each topic.

Topic	Discussed
Goal and objective for the meeting	
Review of agenda	
Introductions	
Agency team and their roles (point of contact for contractor)	
Communication protocol	
Implementation timeline <ul style="list-style-type: none"> <li>a. Decisions or obstacles impacting timeline</li> <li>b. Factors to be considered</li> <li>c. Due dates for gathering &amp; definition of requirements (if applicable)</li> <li>d. Impact on other agencies / divisions / units (if applicable)</li> <li>e. Specific contractor implementation tasks</li> <li>f. Specific Agency implementation tasks</li> </ul>	
Data flow <ul style="list-style-type: none"> <li>a. System of record for data</li> <li>b. Determine data points and flow for end receipt</li> </ul>	
Functionality and informatics considerations: (if applicable) <ul style="list-style-type: none"> <li>a. Telephonic Enrollment</li> <li>b. Web-Portals</li> <li>c. Access to the Agency's offices and equipment</li> </ul>	
Structure and frequency of future meetings <ul style="list-style-type: none"> <li>a. Format</li> <li>b. Duration</li> <li>c. Onsite at agency or remote</li> </ul>	

<b>Financial and Performance Monitoring Considerations</b>		<b>Discussed</b>
a.	Requirement for periodic evaluation reports of contractor performance and / or progress reports be furnished the purchasing office	
b.	That maintenance manuals, part lists and as-built drawing have been obtained prior to authorization of final payment or as required by contract terms	
c.	A clear understanding of all contractor supplied warranties or bonding commitments	
d.	The need to advise the purchasing office if changes to the contract, follow-up maintenance or other services, etc., may be required	
e.	Acceptance and approval of the receipt of goods and services and documenting the contractor's invoices for approval of payment	
Be sure the user has encumbered funds to pay for services which overlap fiscal years.		
Provide a copy of the contract and any subsequent changes to accounts payable for invoicing / payment action verification.		
Establish and plot critical contract performance milestones required of contractor (e.g., checklist, progress reports or other written deliverables).		
Compile a tracking report on payments made against the contract.		
If the contract is renewed be sure that price and all other requirements are based upon conditions of the basic contract.		
If contractor's performance or delivery is unsatisfactory, issue a Procurement Complaint Form, or Termination letter (as appropriate). Should action not yield satisfactory results or assistance is needed, contact your procurement agent.		



## Appendix D: Contract Monitoring Checklist

It is the responsibility of each agency to ensure all contractual obligations are met and that contract monitoring is documented. Each contract is unique and the agency may add to this tool as required to meet its particular circumstance. Circle “Yes” or “No” for each item listed below, to indicate which practices should be used in managing and monitoring the contract

Item #	Contract Monitoring	Agency Documentation
1.	<b>Contract:</b> Contract number / effective date / contractor name / purchase order number.	Contract No. _____ Contract Effective Date: _____ Contractor Name: _____ Contract Renewal Options? Yes / No Purchase Order #: _____
2.	<b>Agency Contact:</b> Name / title / contact information of the person responsible for ensuring all contractual obligations are met.	Name: _____ Title: _____ Phone #: _____ E-mail: _____
3.	<b>Monitoring Procedures / Methodology:</b> Written documented contract monitoring procedures / methodology.	Agency has written contract monitoring procedures? Yes / No
4.	<b>Delivery:</b> Delivery date specified in the contract / date of delivery.	Contract specified delivery date: _____ Date agency received _____ Full or Partial Delivery? Full / Partial Delivery by in Accordance with Contract terms? Yes / No
5.	<b>Acceptance:</b> Item(s) delivered were in accordance with contract specifications.	Items delivered were accepted (met contract specifications)? Yes / No Latent material defects? Yes / No
6.	<b>Warranty:</b> Item(s) warranted in accordance with contract.	Warranty work was required? Yes / No If so, warranty was performed in accordance with the contract? Yes / No
7.	<b>Invoice:</b> Invoice price mirrored purchase order price.	Invoice matched purchase order price? Yes / No If no, invoiced more or less than PO? More / Less
8.	<b>Default of Contract:</b> Was contractor held in default of the contract and / or debarred.	Was the contractor held in default? Yes / No Was the contractor debarred? Yes / No Was a contractor complaint form provided? Yes / No
9.	<b>Reports:</b> All reports required by the contract were provided timely / accurately / prescribed manner.	Contractor reports were provided by the required due date? Yes / No Contractor reports were accurate (when initially submitted)? Yes / No Contractor reports were in the prescribed manner? Yes / No

Contract Monitoring performed by: \_\_\_\_\_

## Appendix E: Contract Closeout Checklist

It is the responsibility of each agency to ensure that the work under a contract has been completed and the contract is ready for closeout prior to final payment. This checklist can serve as a tool to assist the agency during that process. Each contract is unique and the agency should customize the checklist as required to meet its particular circumstance. The contract file should contain all necessary documentation at the time of closeout.

Contractor Name		Contract Number	Project Completion Date	
Person Completing Checklist			Project Title / Name	
Task			Date Completed	N / A
<b>Administrative Issues</b>				
Contract administration files are consolidated and turned over to Procurement upon completion of the closeout process.				
The central file is complete, organized and conforms to regulations governing contract administration as specified by the public agency.				
The contractor has notified the agency that all work required by the contract is complete.				
The contractor has complied with all contractual terms and conditions.				
All file documents have been signed with the original signatures. This include invoices, vouchers, letters to contractor, memoranda, official correspondence etc.				
All final determination has been completed.				
All optional provisions have expired.				
All time extensions have expired.				
All change orders, modifications, have been signed, defined and included in the central file.				
Settlement of subcontract by the prime contractor completed.				
<b>Monitoring</b>				
All monitoring issues have been resolved.				
The monitoring plan updated and documentation of all monitoring requirements accurately reflects the status of all monitoring activities as outlined in the monitoring plan.				
The Risk Assessment is updated and completed to reflect the status of all monitoring activity.				
All agency specific required approvals have been received.				
The contractor has complied with all contractual terms and conditions.				
<b>Deliverables</b>				
All contract deliverables have been received, reviewed, and accepted including All required reports.				

Task	Date Completed	N / A
<b>Final Property Close Out</b>		
The property inventory report has been received from the contractor.		
All Government-owned property, real or personal, either furnished by the government or acquired by the contractor for the account of the Government has been accounted for.		
All property inventory and ownership issues are resolved including disposition of any equipment, licenses purchased, or warranty information under the contract.		
<b>Final Security Close Out (if applicable)</b>		
There has been a Disposition of all Classified Material (Proprietary, Trade Secrets, Sensitive, Confidential, Personal / Privacy) generated to or accessed by the contractor in the performance of the contract.		
<b>Final Patents Closeout (if applicable)</b>		
Final New Technology disclosure report received.		
Final invention, patents, and copyright disclosure reports received		
Report affirming that no technology, inventions, patents or copyrights resulted from the contract.		
<b>Final Payments and Invoices</b>		
All disallowed payments, performance, deliverables, or suspended costs been resolved.		
All reconciliation has been completed in conjunction with a financial report to verify that all payments have been paid.		
Refunds, rebates, and / or credits have been annotated in the file.		
The contract file contains a record of all payments made to the contractor.		
All excess funds, such as un-liquidated obligations have been verified and the de-obligations of funds have been accomplished, if required.		
Final invoice has been received, reviewed, accepted and paid.		
<b>Contract Completion Statement</b>		
After final acceptance and final payment has been made, a Contract Completion Statement is prepared and issued officially stating that the contract is complete in its entirety and may be closed and properly archived.		
<b>Vendor Performance Reports</b>		
All applicable Vendor Performance Reports have been prepared.		
<b>Contract Administration Analysis or Post Contract Evaluation</b>		
The contractor and end-user has completed a contract analysis report card.		

## Appendix F: Contract Validation Checklist

It is the responsibility of each agency to verify that the work under a contract has been completed and the contract is ready for closeout prior to final payment. This checklist can serve as a tool to assist the agency during that process. Each contract is unique and the agency should customize the checklist as required to meet its particular circumstance. The contract file should contain all necessary documentation at the time of closeout.

Contractor Name	Contract Number	Project Completion Date
Task		Date Completed
The contractor has notified the agency that all work required by the contract is complete.		
The agency has reviewed and validated that all contract deliverables including all required reports are in accordance with the contract terms and conditions.		
The contractor has complied with all contractual terms and conditions.		
The contract file contains all contract addenda or contract change documentation.		
The contract file contains a record of all payments made to the contractor.		
All property, inventory and ownership issues are resolved including disposition of any equipment, licenses purchased, or warranty information under the contract.		
All monitoring issues have been resolved.		
All agency specific required approvals have been received.		
Final invoice has been received and paid.		
Final Vendor Performance Report submitted.		

**Signature:**

\_\_\_\_\_

**Title:**

\_\_\_\_\_