



The image is a promotional graphic for a professional development course. It features a green and white color scheme. At the top left is the Georgia Department of Administrative Services logo, which includes a stylized orange and green fruit icon and the text "Georgia® Department of Administrative Services". To the right of the logo, the text reads "Professional Development" in a large, italicized serif font, followed by "Providing Training for State Purchasing Professionals" in a smaller sans-serif font. Below this, the phrase "Customer Focused, Performance Driven" is written in a red, italicized serif font. On the right side of the graphic, there is a circular inset photograph showing four business professionals (three men and one woman) sitting around a table, engaged in a meeting. At the bottom left, the text "Contract Management" is written in a bold, black sans-serif font, followed by "How to Create, Manage, and Track Contract Performance and Expectations" in a smaller, italicized sans-serif font. At the bottom right, the text "Department of Administrative Services State Purchasing Division" and the website "statepurchasing.doas.georgia.gov" are displayed in a small, black sans-serif font.

Georgia®
Department of
Administrative Services

Professional Development
Providing Training for
State Purchasing Professionals

Customer Focused, Performance Driven

Contract Management
*How to Create, Manage, and Track Contract
Performance and Expectations*

Department of Administrative Services
State Purchasing Division
statepurchasing.doas.georgia.gov


Welcome to the Contract Administration Course designed for the Contract Administrator, How to Create, Manage, and Track Contract Performance and Expectations. This course is designed to provide you insight into what your role is in the Contracting Process, how to coordinate reviews and communication with the Project Manager and Supplier, and how to ensure the roles, responsibilities, and expectations are known by all.

Your instructor

December 2015

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State Purchasing Division



Josh Borden

Title: Policy and Operations Manager

Accomplishments: Over 25 years procurement experience in the purchasing and evaluation of IT and Human Services procurements for agencies and State Purchasing.

Education: BS, MS

Certifications:

- Certified Purchasing Manager (C.P.M.)
- Georgia Certified Purchasing Associate (GCPA)
- Georgia Certified Purchasing Manager (GCPM)

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Welcome

Before we begin, let's review the rules to follow for this training class:

- Sign in Sheet
- Introductions
 - Your Name
 - Your Responsibility
 - Your Involvement with the Topic Covered in this Training Class
- Housekeeping
- Parking Lot
- Course Structure
 - Demonstrations
 - Hands-On Exercises



Participants will introduce themselves and speak to experience in managing a solicitation through the Contracting Process to include Contract Administration; or instances in which they have managed a contract but were not involved in its procurement.



While in Class

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Guidelines to follow

Food	It is OK to bring food and drinks to the training room
Cell Phone	Turn off your cell phone/pager and make phone calls outside the training room
Internet Usage	Internet usage is not allowed during class. Do not access websites or emails during class.
Restrooms	Located down the hall on your left
Breaks	Return from breaks and lunch promptly as scheduled
Course Completion	Complete the entire training course to receive certificate of completion

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Course Objectives

By completing this course, you will be able to:



- **Understand** the Basics of Contracting
- **List** the Routine functions of Managing Contract Scope
- **Describe** the steps for Change Orders, Evaluation of Supplier Performance, and Contract Renewal
- **Detail** the Options and Steps for Managing and Resolving Delivery and Performance Issues
- **Implement** Effective Use of the Contract Administration Plan

In this course, you will be learning the Basics of Contracting, Managing Scope, Processing Change Orders, Evaluating Supplier Performance and working with your Purchasing/Contract Administration Team to ensure that any issues are managed and resolved according to the terms of the contract. The management of this process is largely conducted through the Contract Administration Plan.


Understand the Basics of Contracting

List the Routine functions of Managing Contract Scope

Describe the steps for Change Orders, Evaluation of Supplier Performance, and Contract Renewal

Detail the Options and Steps for Managing and Resolving Delivery and Performance Issues

Implement Effective Use of the Contract Administration Plan



Certification Exam

About the certification exams

Required?	Required for GCPM Certification
Graded?	Yes
Questions	50 questions that are extracted from a pool of questions and are randomized to create individual certification exams
Exam Timed?	Yes. About a minute+ per question
Scoring	2 points per question
Passing	80 points or greater or 80% or greater
Open Book?	No
Proctored?	Yes
Rules	You are not allowed to talk to others during the certification exam, make copies of the exam, print pages, or capture screens

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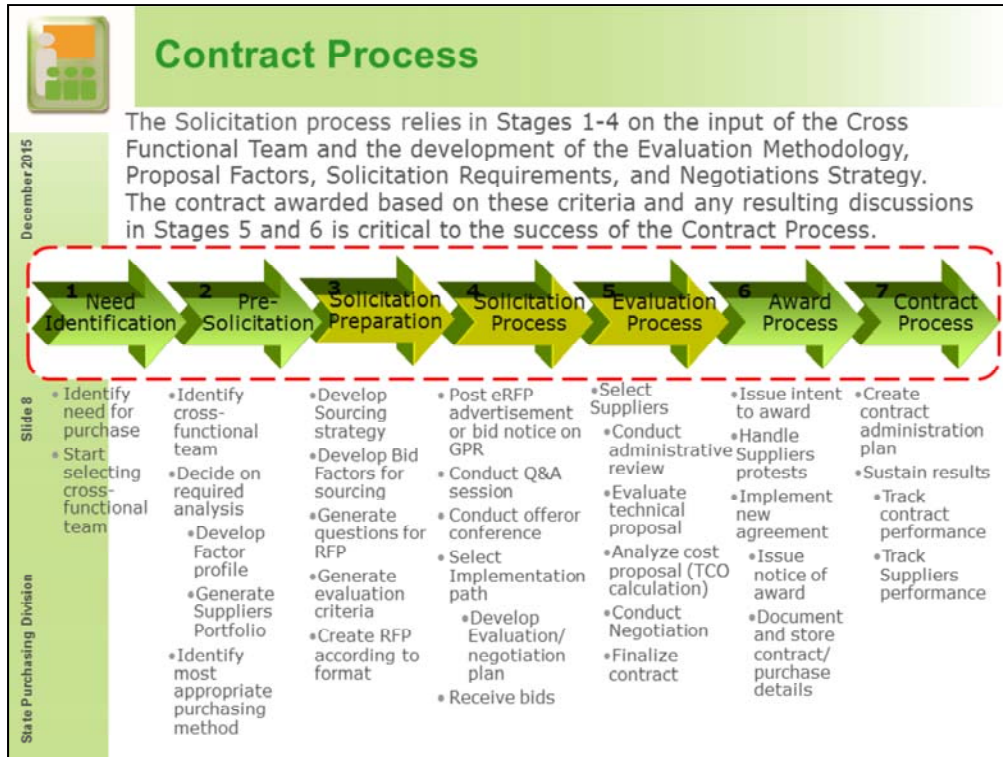
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The 7-Stage Procurement Methodology


Stage 7 Contract Process



Demonstrate how the Contracting Process and its considerations take place early on in the process. Discuss considerations to include Performance Metrics, Payment/Deliverables Planning and full participation of a Program/Project Manager following Contract Award.

How?

1. Cross Functional Team – determines who may manage/work with the Contract
2. Analysis and most Appropriate purchasing method may indicate deliverables/performance considerations
3. Refinement of requirements and mandatory criteria lead to additional information
4. Information exchanged in the Offeror's Conference or Q/A will provide insight into further areas to be managed.
5. Evaluation to include Negotiation will finalize on scope of services and contract that will be managed
6. Protests may point to additional areas that need to be targeted for monitoring




Stage 7: Contract Process

Contract Basics

What is a contract?

Many of you may have been handed an e-mail, a Purchase Order, a Supplier Proposal, etc. and been told to set up a contract. What exactly does that mean...how do you do that? There are the obvious questions – to whom, between whom, for what dates, is this legal? Let's start right in with our first exercise...Do I have a contract?

Instructor hands out paper allows participants 5 minutes to write their answers before moving to next slide.



Hands on Exercise – Do I Have a Contract?

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*One of the most difficult challenges is understanding what is a contract and what is or **isn't** binding.*

Scenario: John and Pete are at a Braves Game. John says if the next man up to bat clears the bases, I will give you my boat and pay for your slip fees for the next 5 years. Pete says "You're ON!"

The next man up indeed hits a home run and clears the bases. Does Pete get the boat and 5 years of free slip fees?

This example may seem a little absurd, but it is these types of agreements or contracts that may actually be enforceable. To best answer this question, you have to know how verbal agreements are treated in your state, and know what is considered a binding contract.

In the State of Georgia, a contract is defined as: an agreement, written, or verbal, in which an offer has been made and accepted.



Hands on Exercise – Do I Have a Contract?

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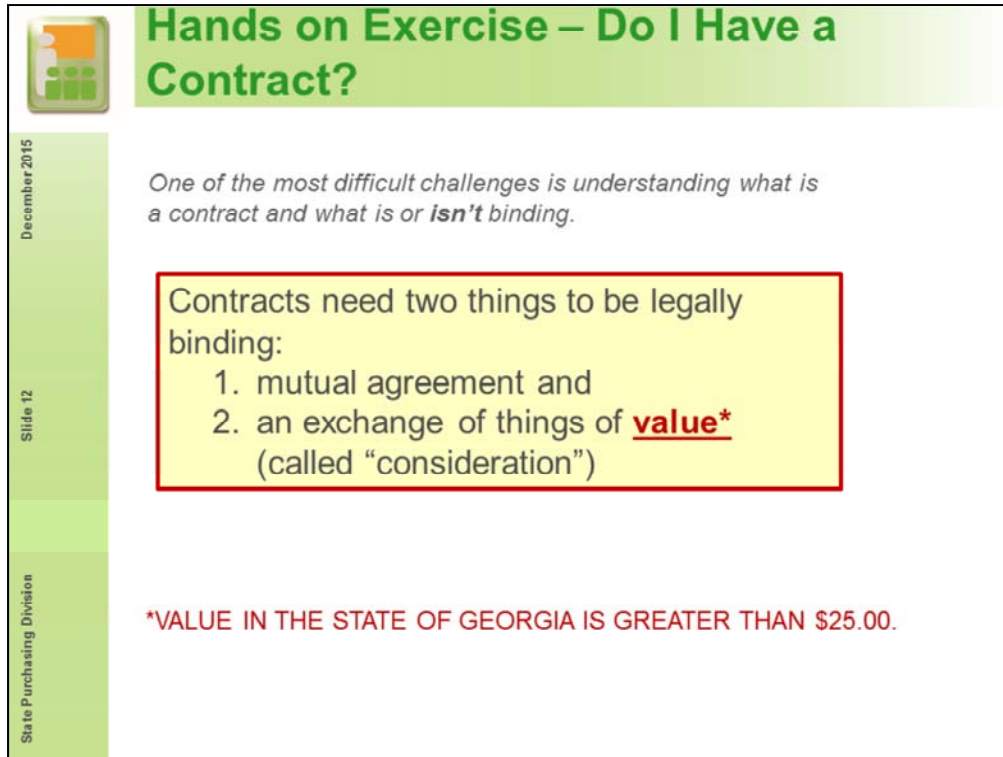
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*One of the most difficult challenges is understanding what is a contract and what is or **isn't** binding.*

Scenario: You receive a notice from your monthly internet supplier that indicates that you are being billed for new services with your paid invoice of the monthly statement.

Do you have to accept the terms when you pay the invoice? What should you verify?

This example points to a defacto agreement where you agree to the terms by submitting your monthly payment. However, if you have not been given an option to negotiate and to reject, you do not have a legally binding agreement. In most of these instances, there will be an Opt Out box, or description as to how to be removed from the obligation. This is why it is so important to read statements, and understand what you have agreed to.



The slide features a green header with the title "Hands on Exercise – Do I Have a Contract?". Below the title is a small icon of a tablet. The main content area is white with a red-bordered box containing a list of two items. A red asterisk footnote is located at the bottom of the slide. On the left side, there is a vertical green bar with white text indicating the date, slide number, and division.

Hands on Exercise – Do I Have a Contract?

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*One of the most difficult challenges is understanding what is a contract and what is or **isn't** binding.*

Contracts need two things to be legally binding:

1. mutual agreement and
2. an exchange of things of **value*** (called "consideration")

***VALUE IN THE STATE OF GEORGIA IS GREATER THAN \$25.00.**

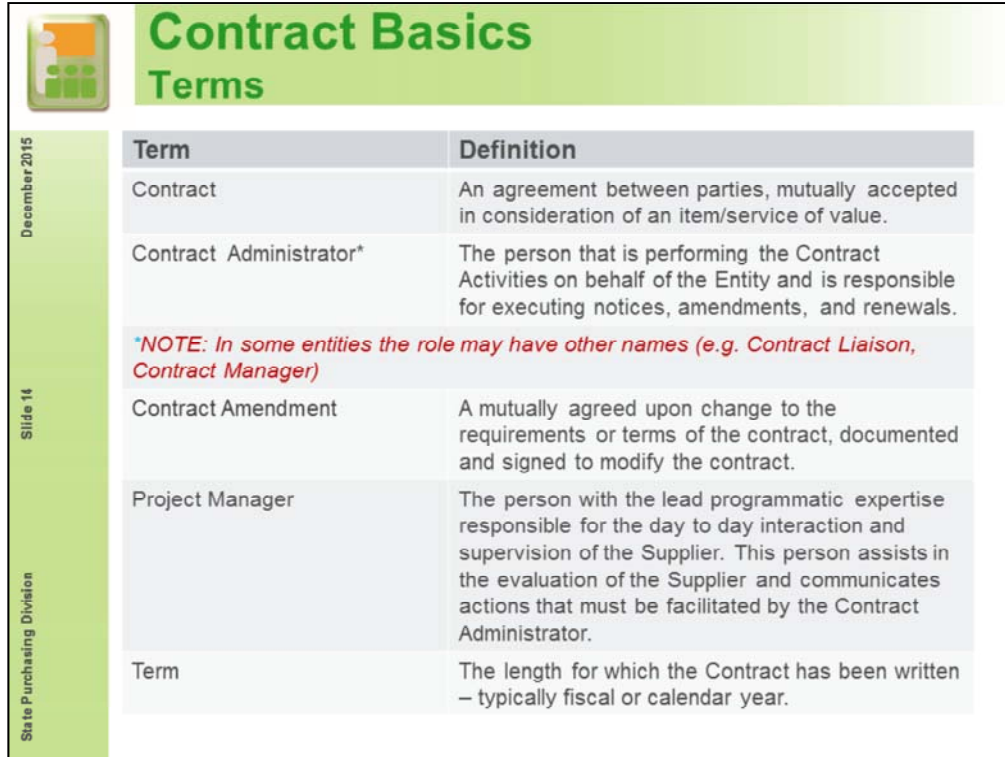
Contracts need two things to be legally binding: mutual agreement and an exchange of things of value (called "consideration"). Not every contract must be written, but writing a contract is preferred, as it presents clear evidence of the agreement between the parties. When writing a legal agreement, remember to keep the language clear and easy to understand. The document must contain every aspect of the agreement, but it must be written in a way that both parties fully understand the obligations and implications of the agreement and can use the document to resolve matters should they arise.

*Value in the State of Georgia is typically greater than \$25.00



Let's go over some key terms that we will be using in this class. Please refer to this handout for this class and to assist you in discussions when you return to your offices.

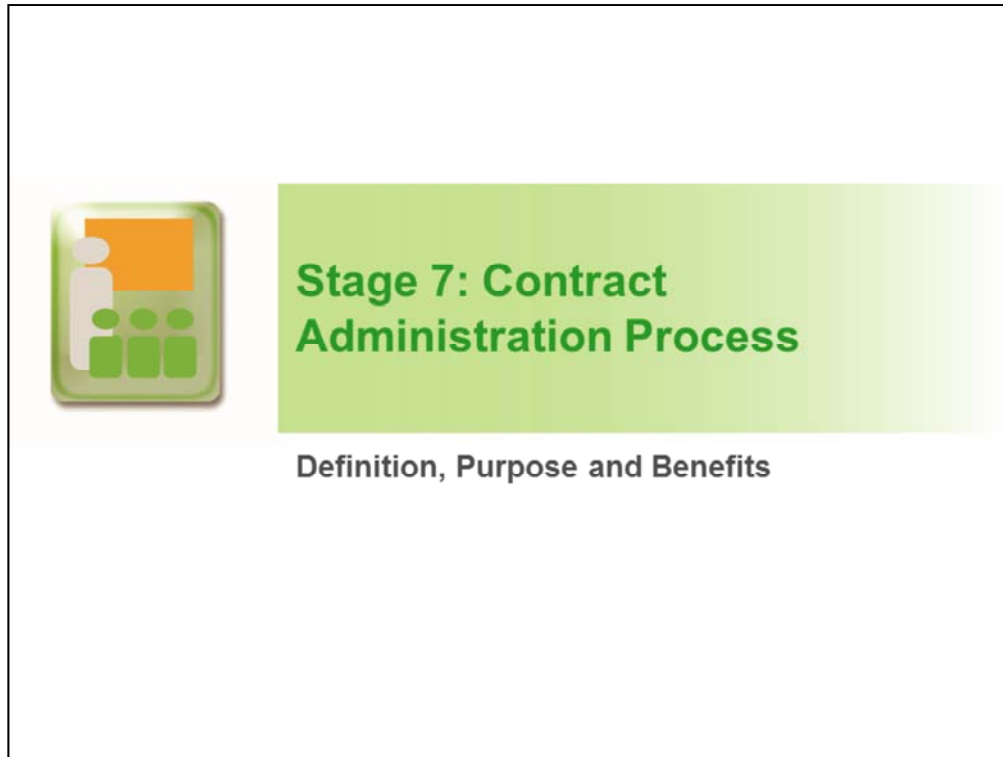
Instructor – Distribute Definitions Handout



The slide features a green header with the title "Contract Basics Terms" and a small icon of a tablet with three green figures. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 14", and "State Purchasing Division". The main content is a table with two columns: "Term" and "Definition".

Term	Definition
Contract	An agreement between parties, mutually accepted in consideration of an item/service of value.
Contract Administrator*	The person that is performing the Contract Activities on behalf of the Entity and is responsible for executing notices, amendments, and renewals.
<i>*NOTE: In some entities the role may have other names (e.g. Contract Liaison, Contract Manager)</i>	
Contract Amendment	A mutually agreed upon change to the requirements or terms of the contract, documented and signed to modify the contract.
Project Manager	The person with the lead programmatic expertise responsible for the day to day interaction and supervision of the Supplier. This person assists in the evaluation of the Supplier and communicates actions that must be facilitated by the Contract Administrator.
Term	The length for which the Contract has been written – typically fiscal or calendar year.

Your handout has many other definitions that we will get to as we go through the course – these initial definitions should be enough to get us started! Please use this tool to add additional terms as you become familiar with them.



Think you're done when the contract is executed or the purchase order is signed? Think again!

Contract administration is just as important as the Solicitation development because it completes the Purchasing Cycle. The foundations created in solicitation development, contractor selection, and the contract itself must be managed throughout the project. It encompasses all dealings between the government and the contractor from the time the contract is awarded until the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved.

As such, contract administration constitutes that primary part of the procurement process that assures the government gets what it paid for. Poor contract administration can result in significant dollar loss, project delay, disputes, legal action, and as well as adverse public perception . It involves planning, monitoring, and proactive insight into the oversight of contract performance.



Contract Administration

Definition

Contract administration refers to those tasks that take place after contract award. These tasks can encompass a range of activities, all of which are goal oriented and ensures the enforcement of the contract terms and conditions. These tasks focus on...

- Successful outcome of the solution for all parties.
- Ensuring the supplier performs according to the terms of the contract.
- Certifying that all parties properly discharged their responsibilities to the contract.



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You will learn in this course how to effectively engage the Supplier as you contract and how to manage to ensure that all terms are being met by both sides. This compliance will also help to ensure that payment is not impeded unnecessarily.



Contract Administration Purpose

Contract administration encompasses oversight of all relationships between the entities and the performance of the Supplier. The focus and overall contract administration activities should be directed towards:

- Goal Oriented
- Enforcement of Terms and Conditions
- Mutual Compliance

Positive Contract Outcome

By increasing attention to Supplier performance on in-process contracts the government is reaping two benefits: (1) better current performance and (2) enhanced ability to select and maintain high quality contractors.

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How well the entity's administer in-process contracts and discuss with contractors their current performance, determines to a great extent how well agencies can achieve their missions and provide value to the taxpayers. By increasing attention to Supplier performance on in-process contracts and ensuring past performance data is readily available for source selection teams, entities are reaping two benefits: **(1)** better current performance because of the active dialogue between the Supplier and the government; and **(2)** better ability to select high quality contractors for new contracts, because contractors know the assessments will be used in future award decisions.

Typical contract administration activities are goal oriented, aimed at ensuring enforcement of the contract terms and conditions, mutual compliance of the supplier and the entity, while giving attention to the achievement of the stated output and outcome of the contract.

The success of your contract depends on each party being in compliance with the stated outcome that the contract is to meet. This includes the entity performing their responsibilities and not unnecessarily restricting the supplier from meeting their milestones or responsibilities of the contract. As an example, delivery of new furniture for a renovated building cannot occur until the building is complete – if the entity has delayed approving plans, materials, etc. and delayed the building completion, it is also impacting the supplier that needs to deliver new furniture.

Contract Administration Purpose

The overall purpose of Contract Administration is as follows:

The purpose of Contract Administration is to manage all actions and processes that must be taken to assure compliance with the contract. This includes management of timely delivery, acceptance, payment, valid bonds, insurance documents, contract amendments, renewals and close outs.

Effective Contract Administration includes consideration during each phase of the procurement process of any potential impact on the administration of the contract after award.

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The specific nature and extent of contract administration varies from contract to contract. It can range from the minimum acceptance of a delivery and payment to the Supplier to extensive involvement by program, audit and procurement officials throughout the contract term.

Factors influencing the degree of contract administration include the nature of the work, the type of contract, and the experience and commitment of the personnel involved.

Stress the following talking point:

Contract administration starts with developing clear, concise, performance-based statements of work, and preparing a contract administration plan that cost effectively measures the contractor's performance and provides documentation to pay accordingly.

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Contract Administration Benefits

Effective contract management provides for multiple benefits:

- Ensuring the government is getting what it paid for
- Focuses on obtaining “quality” supplies or services
- Receipt of services on time and within budget
- Improved supplier performance
- Enhanced ability to manage and retain high quality suppliers
- Avoidance of potential pitfalls to the success of the contract



Effective contract management begins with understanding the goals and outcomes of the end user, and establishing a positive working relationship with the Supplier as you put the Contract Administration Plan in place. By understanding what is needed in a good contract, you will be able to:

Ensure the government is getting what it paid for

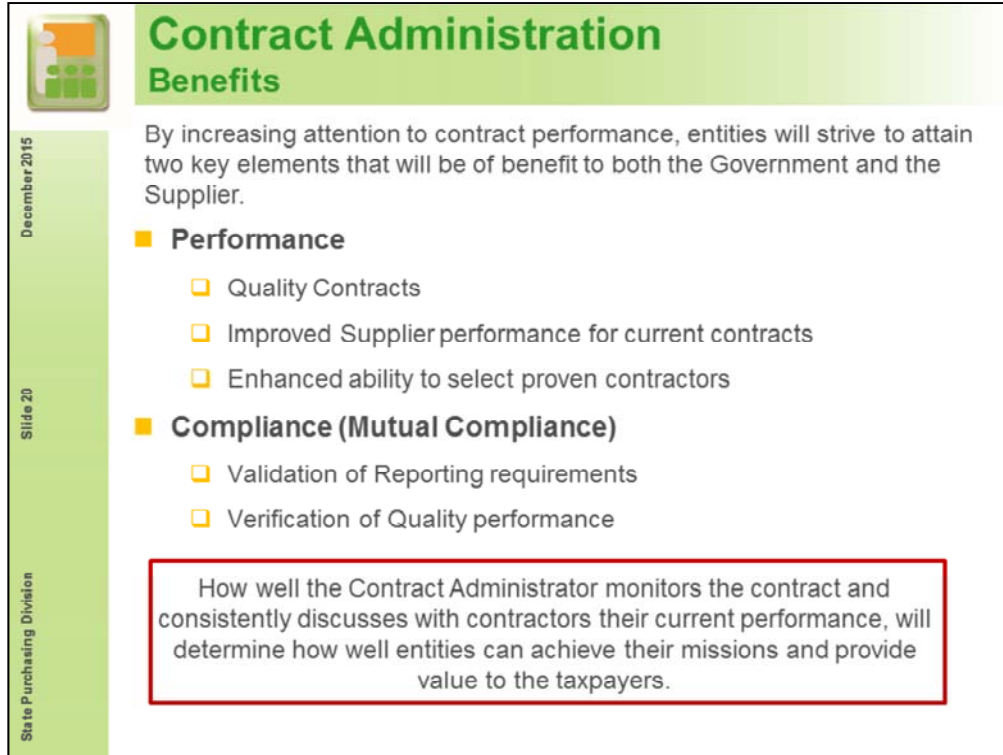
Focus on obtaining “quality” supplies or services

Receipt of services on time and within budget

Improved supplier performance

Enhanced ability to select high quality suppliers, and

Avoidance of potential pitfalls to the success of the contract



The slide features a green header with the title 'Contract Administration Benefits' and a small icon of a tablet with three green circles. On the left side, there is a vertical green bar containing the text 'December 2015', 'Slide 20', and 'State Purchasing Division'. The main content area has a white background with a green gradient at the top. It includes an introductory paragraph, two bulleted sections with yellow square markers, and a red-bordered box containing a concluding statement.

Contract Administration Benefits

By increasing attention to contract performance, entities will strive to attain two key elements that will be of benefit to both the Government and the Supplier.

- **Performance**
 - Quality Contracts
 - Improved Supplier performance for current contracts
 - Enhanced ability to select proven contractors
- **Compliance (Mutual Compliance)**
 - Validation of Reporting requirements
 - Verification of Quality performance

How well the Contract Administrator monitors the contract and consistently discusses with contractors their current performance, will determine how well entities can achieve their missions and provide value to the taxpayers.

By increasing attention to contract performance, entities will strive to attain two key elements that will be of benefit to both the State and the Supplier.

Performance and Compliance

Focusing on performance will hopefully end with quality contracts, improved performance on current contracts and enhanced ability to select proven contractors for future contracts.

Concentrating on mutual compliance to ensure the reporting of information is validated and verified. Validation and verification should lead the entity to the supplier performing to the terms and conditions of the contract as was agreed to.

But just as in everything we do successfully, it requires communicating with all parties.



Contract Process

Planning for the Administration of the Contract

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Contract Administration Development

Contract administration starts with developing clear, concise, performance-based statements of work during the solicitation and then managing those items as the contract progresses.

During the development of the RFX project plan, focused consideration is given to the requirements of the contract.

The requirements should effectively measure the contractor's performance and provide documentation for a productive contract.

Development Stages 1-3

RFX Project Plan Stages 1-7

Performance Monitoring Stage 7

Documentation Stage 5-7

Contract administration starts with developing clear, concise performance based statements of work to the best extent possible.

During the development of the RFX project plan, focused consideration is given to the requirements of the contract which will effectively measure the contractor's performance and provide documentation for a productive contract. Be sure that this is clearly communicated to the cross functional team members.

Remember, when creating the requirements, be sure to address “What” will be monitored and “How” it will be monitored. You should have questions in which the Supplier indicates how they intend to manage the contract and meet reporting criteria, and how they will work with the entity to escalate issues, develop change orders, and manage the overall project. Their REPLY will become critical both in negotiations and in the resulting contract.

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Contract Administration Progression of Development

Ineffective contract administration can most times be traced back to the early stages of development of the solicitation. Organization is the key to success.

Stage 1

- Identification of need

Stage 2

- Development of Requirements
- Market Analysis
- *Poor Research*

Stage 3

- Refine Requirements
- Develop Sourcing Strategy
- **Highlight and list** all areas to be added to contract plan
- *Weak Requirements*

Stage 4

- Post the RFx
- **DEVELOP** Contract Administration Plan
- Receive Bids

You should assist and collaborate with all members of the development team, or end user throughout the entire solicitation process. Highlight and list all areas which are a concern for performance and add these areas to the CAP.

As you continue to assist and collaborate with all members of the end user's development team, you should highlight and list all areas which are a concern for performance throughout the contract life. These areas can then be added to the CAP. Communication is critical in the successful administration of the contract. The end user, the Supplier, and the Contract Administrator must have open and consistent communication to ensure that all needs are met.

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Contract Administration Progression of Development

Any clarifications or negotiations that occur during Stage 5 will also be included as you develop your Contract Administration Plan (CAP).

Stage 5

- Evaluation of Responses
- List items for Clarifications
- List items for Negotiations

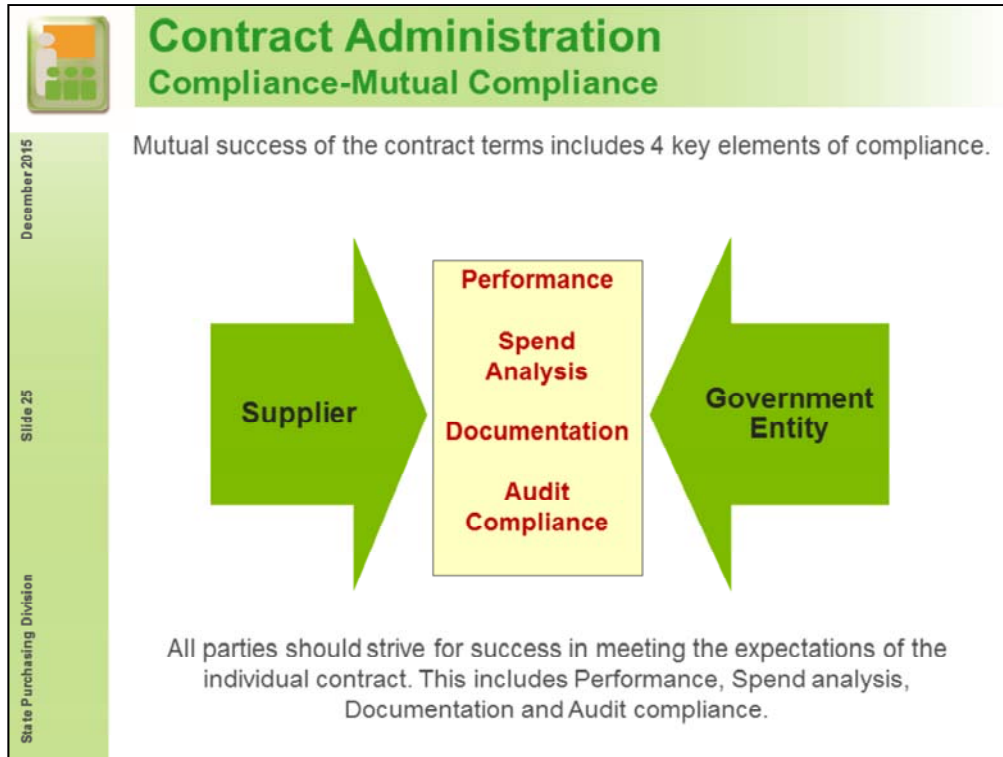
Stage 6

- Issue Award Document
- Coordinate any Protest issues

Stage 7

- **Finalize and Implement Contract Administration Plan**
- Conduct Kickoff Meeting
- Implement and Monitor Contract Performance
- Address and Document Positive and Negative aspects of the Contract

In Stage 7, the CAP is finalized and deliverables and payment points are solidified using the Contract which includes the RFP, the Supplier's response, and any other documented negotiated items/timeframes.



When all parties are successful in meeting the expectations of the Performance, Spend analysis, Documentation and Audit compliance, the contract runs smoothly. The 4 key elements are:

Performance – how does the Supplier perform in meeting the needs of the contract and how does the Entity ensure that they have provided all necessary information to the Supplier?

Spend Analysis – Are there changes in scope or pricing? Have there been any savings? Is the project on time, and within budget?

Documentation Compliance - Are all substantive changes addressed in amendments and managed? Are all deliverables approved in writing prior to invoicing and payment?

Audit compliance – Has the entity and the supplier performed as required in the contract and followed the GPM and OCGA rules?




Contract Administration

Mutual Compliance

Part of assuring mutual compliance includes setting a standard for communication, escalation of issues, and changes that may occur during the term of the contract. As you kickoff the contract, be sure to document and communicate how the following items will be processed/managed.

1. Communication of Issue/Concerns with Contract Administrator
2. Discussion of Issue/Concern with Supplier
3. Documentation of Program changes
4. Issuance of Contract Amendment
5. Monitoring of amended performance
6. Successful Contract performance



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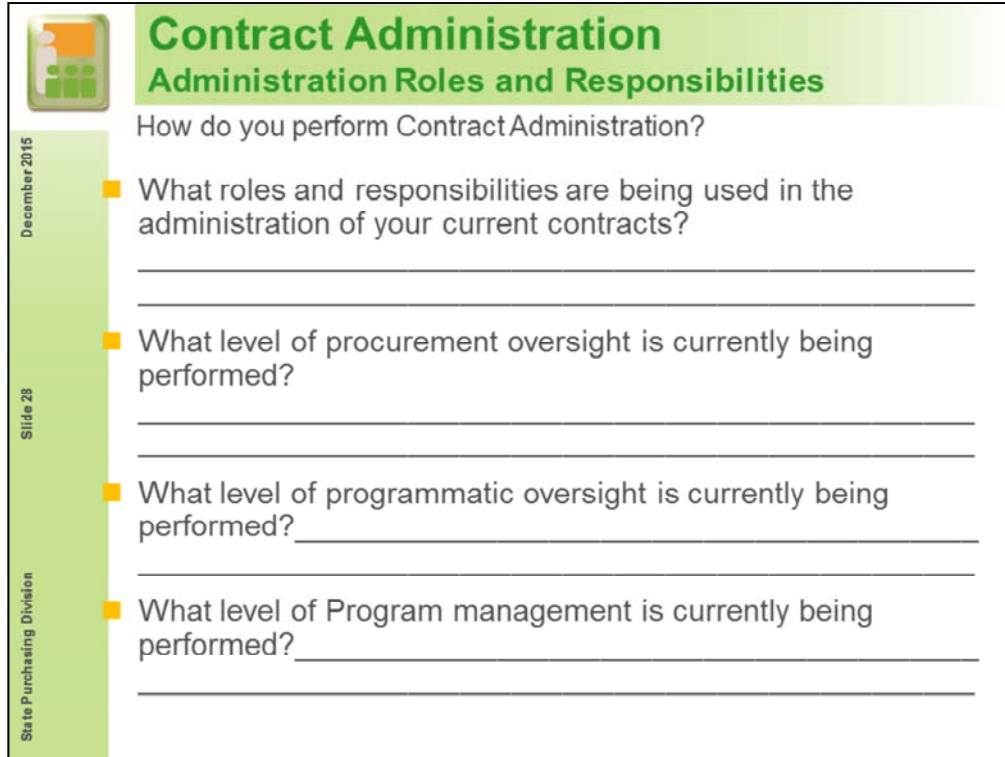
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You will often discover needs for change in your contract. There may be delays in obtaining materials, getting feedback, creating deliverables.....these all must be managed and recorded. When there is a change you will need to go through an amendment process to ensure that all parties are mutually agreed and compliant with the work at hand. No work can be accomplished until all documents are signed and in place.



Contract Roles and Responsibilities



The slide features a green header with the title "Contract Administration Administration Roles and Responsibilities" and a small icon of a tablet. A vertical green sidebar on the left contains the text "December 2015", "Slide 28", and "State Purchasing Division". The main content area asks "How do you perform Contract Administration?" and lists four questions, each followed by two horizontal lines for an answer:

- What roles and responsibilities are being used in the administration of your current contracts?
- What level of procurement oversight is currently being performed?
- What level of programmatic oversight is currently being performed?
- What level of Program management is currently being performed?

Take a moment and answer the questions above. Who is responsible for these activities? As you will note in the following slides, the roles may be different within your entity, however ALL these activities must be in place to have a successful contracting process. It is important that you understand your role and the roles of others involved with the project/work. All roles should be clearly captured in the CAP.

Contract Roles and Responsibilities
Procurement vs Contract Management

Some entities have the administration of a contract performed by procurement personnel in lieu of contracting staff. Even though the roles are segmented, the overall function of contract administration remains the same.

- Procurement
 - Development of Specifications of the goods or services purchased, manage, planning and organization
 - Evaluation of Supplier based on availability, reliability, and pricing to obtain high quality products at lowest price and/or negotiations
- Contract Management
 - Measuring end user satisfaction, supplier performance
 - Administrative skills of documenting, managing, organizing, planning, and problem resolution

Contract management is a process. The success of the contract includes a basic understanding of the following areas; contract terms, administration, accounts payable, Program management, and planning for future needs.

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This is most commonly known as a “hand off”. If your entity is structured with Procurement handling the solicitation and then a Contract area managing the subsequent contract, there is a transition, documented with the collaborative creation of the CAP with both Procurement and Contract Administration joining forces to ensure all needs are met.

In any event, the key understanding is that Contract management is a process. The success of the contract includes a basic understanding of the following areas; contract terms, administration, accounts payable, project management, and planning for future needs.



Contract Administration

Contracting Roles and Responsibilities

Depending on the organizational structure of your office, the following positions could be used for the administration of your contract. These positions can be independent or can work in conjunction with each other.

- **Contract Specialist Role:**
 - Assists with contract terms, solicits and reviews RFx, process invoices against contract/purchase order
- **Contract Liaison Role:**
 - Monitor Supplier performance; Work with Contract Administrator during renewal process; Review and approve invoices
- **Contract Administrator Role:**
 - Maintain online contract database and files; Conduct contract "kick-off" meetings; Initiate correspondence with vendors; Manage the contract renewal process including all required forms; Create contract renewal purchase orders; Handle contract disputes

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There are 5 different titles that could be deemed to perform the tasks involved in the administration of the contract. They are


Contract Specialist

Contract Liaison

Contract Administrator

Program Manager or Director

Project Manager



Contract Administration Team Concept and Goals

Because of the various steps in administering a contract, it may be necessary that more than one role is assigned. The overall goal of contract administration is to ensure that the contract is performed and the responsibilities of both parties are properly fulfilled.

Programmatic Role (End User)

- Administers technical aspects of the contract

Contracting Role

- Conducts administrative functions and documentation
- Communicates and manages all contractual issues for both Supplier and End User

Effective contract administration presents a continuing opportunity to minimize or eliminate problems, potential claims and disputes which may arise during the life of the contract.

Best practice is to be "proactive", not "reactive".

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Contract Administration

Contracting Roles and Responsibilities

Depending on the organizational structure of your office, the following positions may function in the programmatic supervision for the administration of your contract.



- Senior Program Management Role:
 - Works with Project Manager to help define need/specifications
- Project Management Role: (oversees each location as it relates to structure/assets)
 - Works with Contract Specialist to ensure the needs are met. Oversees the work to ensure the completion is satisfactory and approves invoices for payment

Example: An entity is building a new service program. The Program Manager sets the vision and overall outcomes needed. The Project Managers handle the sub-components – IT, Training, Program and Policy, etc.

When there is a Program and a Project Manager, there is an additional layer of approvals and deliverables that must be coordinated. The Program Manager works with the project manager to define the overall outcomes and measurement criteria. An example would be when an entity is building a new service program. The Program Manager sets the vision and overall outcomes needed. The Project Managers handle the sub-components – IT, Training, Program and Policy, etc.

NOTE: Your entity may be structured differently. In some cases the Program Manager is a Program Director, Deputy Commissioner, Division Director, etc. Focus for this role is on the individual that is providing programmatic direction or “vision” to the division/department. The Project Manager is providing day to day supervision of the Supplier and State Staff and working with the Contract Administrator for compliance considerations.

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Contract Administration

Programmatic Role and Responsibility

The role of the *Program Manager* is to oversee, monitor, and provide technical guidance to contractors awarded the contract.

- Works closely with Procurement to manage the Scope of Work and/or Requirements developed in early stages of the development
- Serves as Point of Contact regarding the evaluation of supplier performance
- Manages the Internal Communication Process for the Project Managers and Leads
- Provides guidance to all users of the contract regarding usage and intent



Communications to internal and external parties is critical to the success of the contract.

The ideal model for a good contract includes a Program Manager and Project Manager that have been involved from the very beginning. They will have the knowledge of decisions related to direction that have occurred throughout the solicitation and evaluation process and will be key in understanding the items that must be managed. It is their responsibility to communicate any information which may affect contract requirements to internal and external parties, and to manage the process with the Contracting Administrator should subsequent amendments be necessary.

NOTE: Due to staffing constraints, sometimes there is only one lead person that is performing all roles.



Contract Administration Program Management Duties

Depending on the complexity of the project, the following tasks may be performed by Program Management.

- Assist with Kick Off Meeting
- Monitors Supplier Roles, Responsibility, Progress in accordance with the terms and conditions
- Identifies and Verifies change orders
- Monitors government entity role and responsibility
- Conducts Site visits as appropriate
- Participates in Audit/Compliance evaluation
- Addresses supplier performance deficiencies
- Coordinates any modifications, terminations or claims disposition with the Contract Administrator who is authorized to take action.



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While the Program Manager has a specific role in monitoring the performance of the Supplier and in managing the receipt, evaluation, and approval of deliverables, they cannot provide notice of contract failure or take formal action. They do participate however, in providing documentation to the Contract Administrator to support any findings related to the Supplier's performance.



Contract Administration

Contracting Roles and Responsibility

The overall tasks that the *Contract Administrator* is responsible for includes the following:

- Monitoring supplier performance
- Managing the reconciliation of deliverables and invoices
- Monitoring invoice payment reports
- Managing the contract, including the renewal process
- Documenting all actions taken regarding the contract
- Dispute and Non-Compliance Management and Review
- Closing out Activities



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The Contract Administrator is responsible for providing formal review of the Supplier materials as relates to compliance for payment of invoices. Often the Program Manager will execute an approval letter to accompany an invoice which clearly demonstrates it is a valid invoice.

Contract Administration
Contracting Roles and Responsibility

The overall contracting role reviews all contractual documents, requests and/or submittals to ensure accuracy and compliance with the terms and conditions of the contract. These duties are separated into **4 categories**.

- **Administrative Tasks**
 - Review of Supplier Submittals
 - ❖ Invoices, W9's, Court Order directives
 - Contract Termination
- **Change Management**
 - Amendments
 - Renewals
 - ❖ Tax Compliance, Insurance, Bonds
 - ❖ Immigration
- **Document Management**
 - Open Records Requests
 - Maintain Contract Documentation
- **Performance Management**
 - Contract Assessment Reports
 - Vendor Performance Report (VPR)
 - Cure Letters



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Note: These 4 categories often intersect with other items within the contract, depending on what needs to be accomplished. For instance,

A change to the Point of Contact is necessary. The Business Owner will verify that the new Point of Contact has the correct background, credentials, and required methods of contact, and notify the Contract Administrator. When the updated information has been validated, the Contract Administrator processes an Amendment to the contract documenting the Change in Point of Contact.

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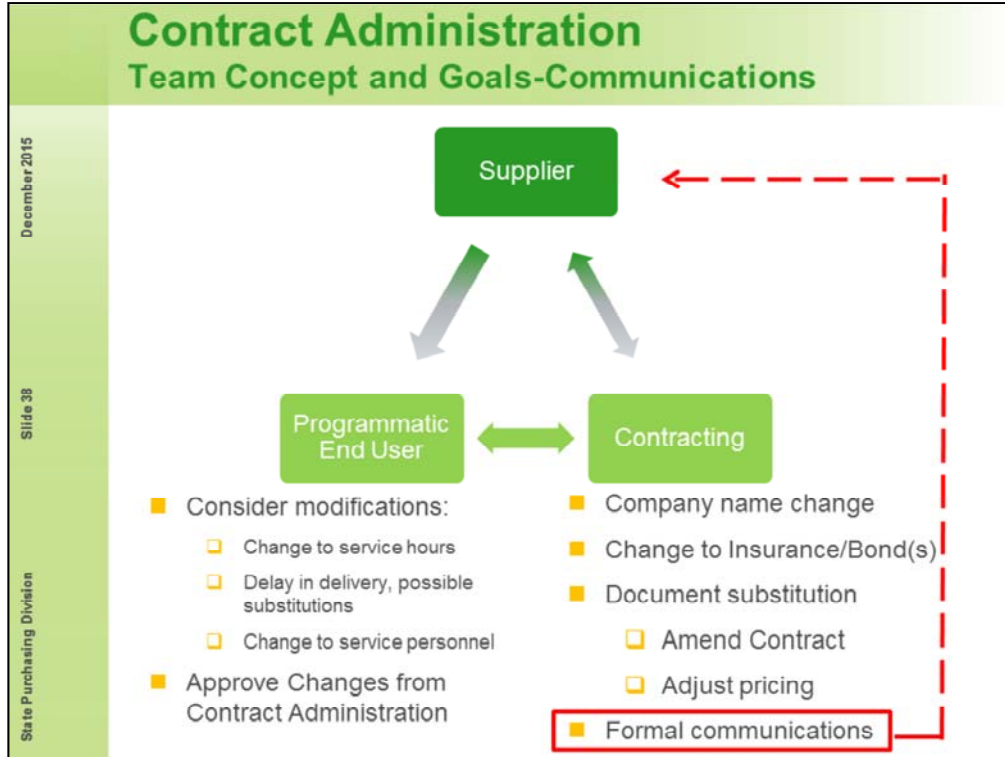
Contract Roles and Responsibilities Shared Model

There are times where the management of a contract has multiple owners as this illustration shows.

Project Management is responsible for the managing the deliverables. However, some business requirements may be managed by the Programmatic Role. Any requested changes verified and validated are amended to the contract by the Contracting Role.

There are times where the management of a contract has multiple owners as the illustration shows.

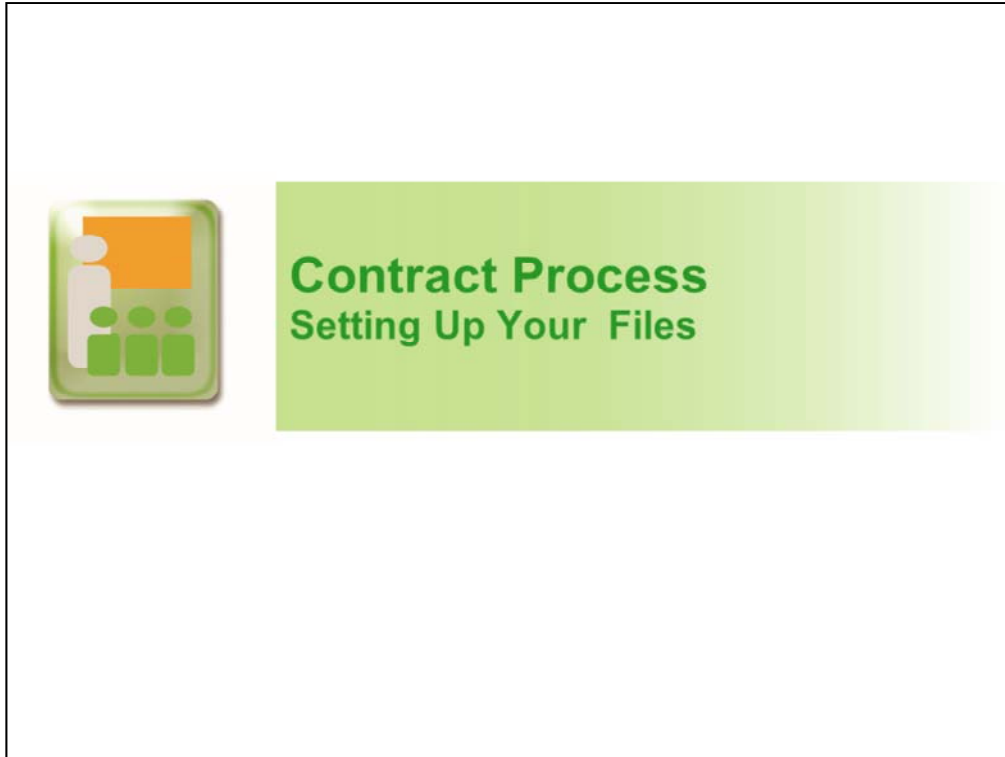
For example; The supplier may contact the program manager regarding a change to contract personnel. Before granting this request, the Program manager must first contact the project manager to discuss any impacts that could occur. If there are impacts that require negotiation, the issues are communicated to the Contract Administrator to be facilitated. The Contract Administrator conducts the negotiations for these points, typically with the input of the Program Manager, and amends the contract. At the completion of the amended points, the contracting person then issues the formal communications to all parties and includes to the contract file. This is a Shared Model – the activities require shared information and impact evaluation. All must be working together to ensure that the contract is effectively managed.

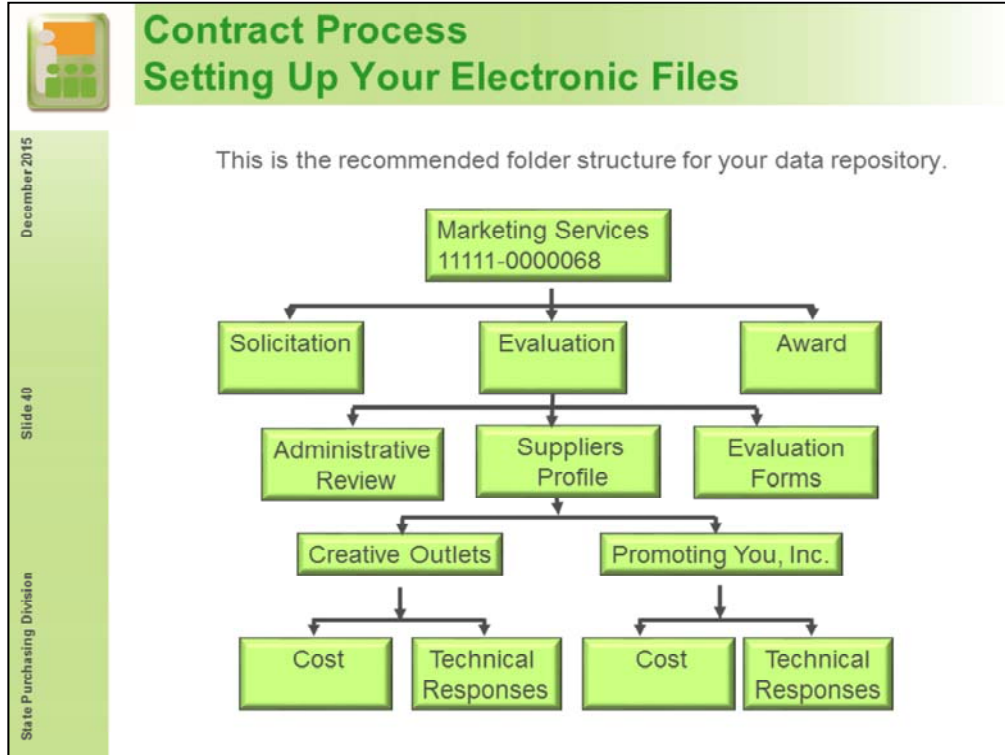


How does the Supplier fit in? Our discussion thus far has been on the Entity Contracting Roles and Responsibilities. For mutual compliance we also have to ensure communication with the Supplier.

There is a Team formed to ensure that all needs are met and compliant.

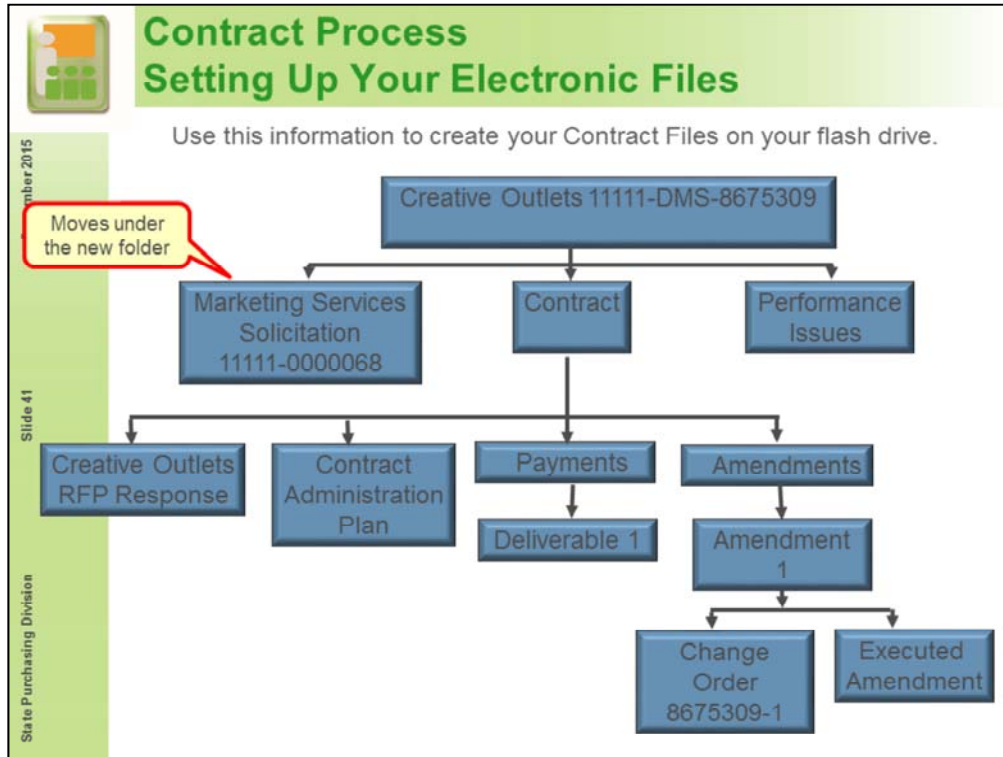
In a team environment, the supplier communicates with the End user (Programmatic Role) regarding a minor changes to service hours. The end user must convey this communication and their decision to the Contract Administrator so that the contract can be noted and formal communication is then prepared and sent to the Supplier. This type of documentation is required to show that the change in service hours has been approved. An amendment changing those hours would be part of this process.





You will remember that in the RFP Courses you took we created a Data Repository during the Solicitation Process so that you could organize and maintain your work. We also discussed that within each folder you would maintain information related to the Solicitation Process as a whole.

In Your Solicitation Folder would be all the draft materials, research, market analysis, Supplier Profiles, etc. that steered your procurement strategy through the posting of the RFX. The Evaluation Folder was where you documented the events following the successful posting of the event to include the proposals received, etc. You may have needed to add a subfolder to reflect any Negotiations that were held as well. The Award folder would document the NOIA, NOA, Protests (with potential subfolders for multiple protests/responses), and copy of the final contract awarded. Once the Solicitation has moved through the 7 Stages, the resulting contract will then be structured as follows.



This is a recommended folder structure for your desktop Contract File repository. Use this information to create your Contract Files on the Flash Drive you brought to training. You will be able to store documents here, and use the materials as a refresher when you are back in your offices.

Within the Creative Outlets Folder you would have their final technical and cost proposal, any negotiated agreements, copies of their administrative documents, etc. You might have created separate files for Staffing and Resumes as well.

The Contract Administration Plan will host the electronic copy of the Plan, and provide a folder where you may also maintain copies of reports, etc. that you are using to help manage the plan. A hard copy of the plan is maintained in the Contract Folder so that you may take it with you to meetings.

As each deliverable is presented for Payment you may (depending on your structure) have a file associated with the deliverables which will have approval documents and supporting information for the payment process. The Contract Administrator should have a copy of all payments processed.

Each amendment will be numbered; Because Renewals are Amendments, you may want to title those Amendment Folders as Renewal 1, Amendment X, etc. so that you can easily locate the documents.

As we work through this contract, you will have the opportunity to see how this works.

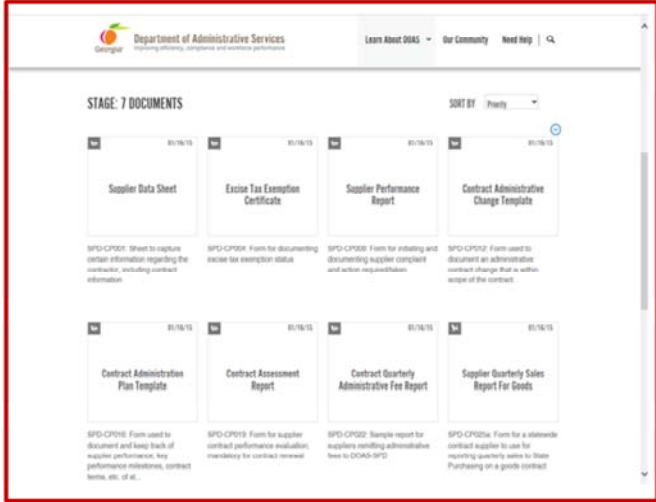
The Performance Issues Folder will be where you will maintain any forms that relate to Performance Issues, and documentation of notification, corrective action, and/or other notices that we will discuss later in the class.

These are recommendations; you need to ensure that actions are clearly documented should you be asked for supporting information during administrative reviews.

Contract Process

Contract Administration Tools

The *Contract Administration Plan* (CAP), and the other supporting tools can be found on the DOAS website in Stage 7, Contract Process.



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The forms related to Contract Administration are located in Stage 7 – Contract Process. Please go to the State Purchasing Website Forms Page to access these documents. As we go through these next slides, we will reference how forms will be maintained, and how they are classified.

Contract Process
Setting up your Files

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Contract Files

1. Signed Contract
2. Notarized Documents
3. Bonds and Certificates of Insurance
4. Signed Change Order Requests
5. Signed Amendments and Renewals



While we are now in a world of electronic solicitation, there are still some documents that require notary documentation, and physical signatures. For that reason, you will have an actual contract file to maintain your Contract Administration Plan and other relevant files. We have suggested the format referenced here to ensure consistency and to help align to what is important for you to have readily available.

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Contract Process Setting up your Files

Informational	Items that Require Action
<ul style="list-style-type: none">➤ SPD CP004 Excise Tax➤ Bonds, Letters of Credit, and Certificates of Insurance➤ Entity required Forms (HIPPA, Background Checks, etc.)➤ Contract and Attachments➤ SPD-CP001 Supplier Data Sheet➤ SPD-CP007 Contract Action Summary Form➤ Special Approvals	<ul style="list-style-type: none">➤ SPD-CP022-25 Reports➤ SPD-CP019 Assessment➤ SPD-CP010 Renewal➤ SPD-CP013 Amendment**➤ SPD-CP016 Contract Administration Plan➤ SPD-CP008 Performance Report*➤ Payments

** Any Correction Plans, Cure Notices, etc. are placed with supporting documentation at the front of the folder as they must be immediately managed.*

*** Supporting Change Order Requests, Supplier Letters are filed with the related Amendment.*

Typically you will have two types of information:

1. Informational
2. Items that Require Action

On the left side of the file would be the following Items:

- SPD CP004 Excise Tax
- Bonds, Letters of Credit, and Certificates of Insurance
- Entity required Forms (HIPPA, Background Checks, etc.)
- Contract and Attachments
- SPD-CP001 Supplier Data Sheet
- SPD-CP007 Contract Action Summary Form

On the Right Hand Side would be:

- SPD-CP022 -25 Reports
- SPD-CP019 Assessment
- SPD-CP010 Renewal
- SPD-CP013 Amendment**
- SPD-CP016 Contract Administration Plan
- SPD-CP008 Performance Report*
- Payments

Please note that these are listed in the order back to front, with the most important documents available as you open the folder. Let's dig a little deeper...

Contract Process Setting up your Files

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<ul style="list-style-type: none">➤ SPD-CP004 Excise Tax➤ Bonds, Letters of Credit, and Certificates of Insurance➤ Entity required Forms (HIPAA, Background Checks, etc.)➤ Contract and Attachments➤ SPD-CP001 Supplier Data Sheet➤ SPD-CP007 Contract Action Summary Form	<ul style="list-style-type: none">➤ SPD-CP022 -25 Reports➤ SPD-CP019 Assessment➤ SPD-CP010 Renewal➤ SPD-CP013 Amendment**➤ SPD-CP016 Contract Administration Plan➤ SPD-CP008 Performance Report*
---	---

On the left side is the Contract Summary Form with the Historical Information, Supplier Contact Information, Amendments and Renewals from Previous Years, and all required forms.

On the right side, the most readily available information (and only if you have this occur) is any Performance Assessment/Action Plan that is currently being administered, followed by the Summary Contract Administration Plan and the Current Terms. When the renewal period is officially completed the Amendment and Supporting Information that is now added to the contract is moved to the left side and only information related to the new performance period remains.

On the right side, the most readily available information (and only if you have this occur) is any Performance Assessment/Action Plan that is currently being administered, followed by the Summary Contract Administration Plan and the Current Terms. When the renewal period is officially completed the Amendment and Supporting Information that is now added to the contract is moved to the left side and only information related to the new performance period remains.

On the left side is the Contract Summary Form with the Historical Information, Supplier Contact Information, Amendments and Renewals from Previous Years, and all required forms.



Contract Administration
Step 1- Initial Contract
Administrative Tasks



Contract Administration

Contract Process - 7 Major Steps

The administration of a contract starts after the award of the contract and is comprised of 7 major steps; some of the steps will overlap, and the person responsible for these tasks may vary depending on the Purchasing Department for each entity.

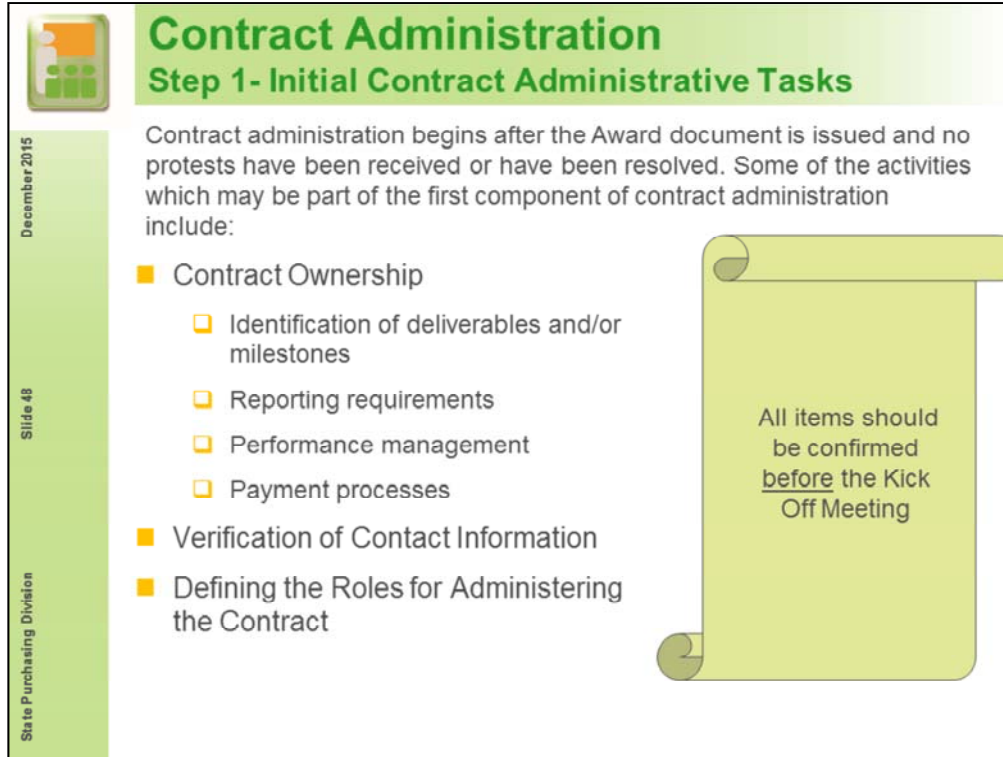
Contract Process – 7 Major Steps	
Step 1	Initial Contract Administration Tasks
Step 2	Supplier Contract Performance
Step 3	Review and Acceptance of Supplier Contract Performance
Step 4	Payment for Accepted Goods or Services
Step 5	Ongoing Contract Management
Step 6	Dispute Resolution
Step 7	Contract Close-out

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The administration of a contract starts after the award of the contract and is comprised of 7 major steps; some of the steps will overlap. The person responsible for these tasks may be part of the Procurement Staff or there may be a dedicated Contract Administrator depending on how the entity is structured.



The slide features a green header with the title "Contract Administration" and subtitle "Step 1- Initial Contract Administrative Tasks". A small icon of a tablet with three green circles is in the top left. A vertical green bar on the left contains the text "December 2015", "Slide 48", and "State Purchasing Division". The main content area has a light green background. It contains a paragraph of text, a bulleted list of tasks, and a scroll graphic on the right.

Contract Administration
Step 1- Initial Contract Administrative Tasks

Contract administration begins after the Award document is issued and no protests have been received or have been resolved. Some of the activities which may be part of the first component of contract administration include:

- **Contract Ownership**
 - Identification of deliverables and/or milestones
 - Reporting requirements
 - Performance management
 - Payment processes
- **Verification of Contact Information**
- **Defining the Roles for Administering the Contract**

All items should be confirmed before the Kick Off Meeting


In the initial step, the Contract Administrator, working with the Project Manager, defines from the solicitation and resulting documentation the items that must be included in the Contract Administration Plan (CAP). Once the draft CAP is completed, preparations are made to meet with the Supplier in a “Kickoff” Meeting to establish how the contract and evaluation process will be administered. This meeting may take a full day or more to conduct depending on the complexity of the solution that is being procured.

Contract Process

Supplier Data Sheet SPD-CP001

As you prepare to start the Contract Administration Plan (CAP), you will need to fill out two forms that are part of your physical contract form. The first is the Supplier Data Sheet, SPD-CP001.

- Company Information
- Georgia Based?
- Federal Employer ID Number
- Payment Location
- Contact Information
- Payment Terms



SUPPLIER DATA SHEET

1. Firm: Creative Outlets

2. Address: 48 Peachtree Place, Suite 1104, Atlanta, GA 30303
FED (Federal Employer ID Number) or EIN (Federal Identity Number): _____
Supplier must furnish one of the above numbers before any award of State business will be made.

3. Georgia Resident: Yes No
If Yes, Georgia Address: (Check box below) same as above

4. Order to be mailed to:
Firm: GA
Address: _____

5. Payment to be mailed to:
Firm: Creative Outlets
Address: 48 Peachtree Place, Suite 1104, Atlanta, GA 30303

Be sure to document the form with all required information and to maintain the information in the contract file. Any changes to this document can be made with the Contract Administrative Change Document, SPD-CP012

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The purpose of the Supplier Data Sheet is to ensure that you have all the information typically required by Accounting to ensure the Supplier is set up in the system correctly for award of contract, renewals, and invoicing items.

The Issuing Officer reviews the data available from the Supplier's Response, etc. to ensure that all information is correctly captured in their self registration as well as for future reference.

Contract Process
Contract Action Summary Form SPD-CP007

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State Purchasing Division

As you prepare to start the Contract Administration Plan (CAP), you will need to fill out two forms that are part of your physical contract form. The second is the Contract Action Summary Form, SPD-CP007.

- Contract Information
- Contact Information
- Performance Period
- Renewals
- Amendments
- Contract Close Out
- Special Notes

Throughout the life of the Contract, you will use this document to provide a snapshot of activity. Be sure to document the form with all required information and to maintain the form in the contract file. Any changes to this document can be made with the Contract Administrative Change Document, SPD-CP012

The purpose of the Contract Action Summary Form, is to ensure that you have all the information readily available for contacting the supplier, providing status on dates, amendments, renewals, etc.

This form is updated throughout the life of the contract.

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Contract Administration Plan (CAP) Scope

The administration of a contract includes oversight of all relationships between Government and the Supplier relating to the expected performance levels. The administration of the contract is comprised of the following 4 components.

- Administration components include:
 - Administrative
 - Change Management
 - Document Management
 - Performance

The Critical key to effective administration is *Communication* and *Documentation*

```
graph TD; CA((Contract Administration)); A((Administrative)); CM((Change Management)); DM((Document Management)); P((Performance)); A --- CM; CM --- DM; DM --- P; P --- A; subgraph Path; direction TB; C1[COMMUNICATIONS]; C2[DOCUMENTATION]; C3[COMMUNICATIONS]; C4[DOCUMENTATION]; end; C1 --- C2 --- C3 --- C4 --- C1;
```

Typical contract administration activities are goal oriented, aimed at ensuring enforcement of the contract terms and conditions, while giving attention to the achievement of the stated output and outcomes of the contract. Critical to the success of any contract is frequent communication and effective documentation to correctly capture what is happening within the project. Your Contract Administration Plan will document how this will take place and be an additional resource to you.

Contract Process

Contract Administration Plan (CAP) SPD-CP016

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The objective of a *Contract Administration Plan* (CAP) is to ensure that all personnel have a common understanding of both the contractor's and entities respective obligations. Among the items that can be included in the CAP are:

- **Deliverables** - Identification of all deliverables, milestones and due dates associated with the contract
- **Contract Modifications** - List of all modifications issued.
- **Invoicing** - Summary of all invoices submitted and paid
- **Option/Renewal Dates** - List of all option/renewal dates and option/renewal notification dates

Contract Administration Plan

Contract Administrator	Entity Phone
Contract Officer	Expiration Date
Contract Title	Renewal Option
Expiration/Option	Estimated amount spent
Supplier address	Contract Key Number(s) Name Address Phone Email
Contract Date	Start/End date(s) if any
Contract Terms and conditions (copy if available)	
Contract Description	
Key requirements and deliverables	

Revised 10/10/11 SPD-CP016

Be sure to document the contract process with dates and status as the changes occur. As changes occur the signed copies and documents are retained with the contract file.

The purpose of the CAP is to organize and review the intent of the contract, milestones, renewal dates, extensions, etc. Starting with the Solicitation Documents, the anticipated outcomes and deliverables are listed and timeframes noted if applicable, to create the framework for how the contract will need to be managed.



Contract Process
Contract Administration Plan – SPD-CP016

The *Contract Administration Plan* (CAP), and the other supporting tools can be found on the DOAS website in Stage 7, Contract Process.

The screenshot displays the 'STAGE: 7 DOCUMENTS' section of the Department of Administrative Services (DOAS) website. The page header includes the DOAS logo and navigation links: 'Learn About DOAS', 'Our Community', and 'Need Help | Search'. Below the header, there is a 'STAGE: 7 DOCUMENTS' section with a 'SORT BY' dropdown menu set to 'Priority'. The documents are arranged in a grid. The first row contains four documents: 'Supplier Data Sheet', 'Excise Tax Exemption Certificate', 'Supplier Performance Report', and 'Contract Administrative Change Template'. The second row contains four documents: 'Contract Administration Plan Template' (highlighted with a red box), 'Contract Assessment Report', 'Contract Quarterly Administrative Fee Report', and 'Supplier Quarterly Sales Report For Goods'. Each document card includes a 'New' badge, a date '01/16/15', and a brief description of the document's purpose.

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Locate the Contract Administration Plan Template, SPD-CP016 on the DOAS Website. After you have located the form, please save it to your Contract Data Repository on your Flash Drive.

Contract Process
Contract Administration Plan – SPD-CP016

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1. Save the *Contract Administration Plan* (CAP), found on the DOAS website in Stage 7, Contract Process, to your CAP Subfolder in the Creative Outlets 99999-8675309 Contract Data Repository you created earlier.
2. Open the CAP subfolder and then right-click on the SPD downloaded form and Rename *CreativeOutletsCAP_DATE*.
3. Open the document and enter the Supplier Name.
4. Follow the same process with your *Supplier Data Sheet* and *Contract Action Summary Form*

Locate the Contract Administration Plan Template, SPD-CP016 on the DOAS Website. After you have located the form, please save it to your Contract Data Repository on your Flash Drive. Go into the CAP subfolder and rename the downloaded document with the Supplier Name CAP Form and the Date that the Plan is created. Follow the same process with your Supplier Data Sheet and Contract Action Summary Form. Once that has been done, you may open the plan and start to enter the relevant data.

Contract Process Exercise
Contract Administration Plan – SPD-CP016

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Contract Administrator: Irwin Issuer	Email: Irwin.Issuer@doas.ga.gov Phone: 404-463-9090
Contract Number: 99999-8675309	Expiration date: June 30, 2019
Contract Title: Marketing Services	Renewal options: 4
Supplier awarded: Creative Outlets	Estimated annual spend: \$229,000.00
Supplier address: 48 Peachtree Place Suite 1904 Atlanta, GA 30303	Supplier Key Contact(s): Name: Michael Marketer Address: 48 Peachtree Place, Suite 1906 Phone: 404-602-1489 Email: Michael@creativeoutlets.com

Using the materials in your Contract Delivery Folder, review all the relevant documents and complete your draft CAP. You will have one hour to review the materials, map assignments and create your CAP.

Using the materials in your Contract Delivery Folder, review all the relevant documents and complete your draft CAP. Before you begin, you will want to take a moment to briefly read through the CAP questions and items so that you may maximize your time in pulling data.

You will have one hour to review the materials, map assignments and create your CAP.

NOTE: Students will have the opportunity to read through materials, and extract information from a variety of sources in their folders, as well as conducting some other market analysis if time allows.

TRAINER NOTE: This activity may take longer, or may be combined for group discussion as need be.


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Contract Process Exercise

Contract Administration Plan – SPD-CP016



Let's Review

1. Did you have all the information you needed to form the plan?
2. What steps or actions did you take or will you take to complete the plan?
3. How will these be communicated to the Supplier?
4. Is e-mail an appropriate tool to receive the Supplier's feedback and to work through completing the initial CAP?



1. Seldom will you have all the materials needed to complete the CAP and draft for approval by the Program/Project Manager and the Supplier.
2. The Contract Administrator begins by working with the Program/Project Manager to ensure that items are clearly understood, and to determine what specific questions must be posed of the Supplier to ensure complete understanding.
3. The Kick-Off Meeting which is our next step, would be where the majority of the information is hashed out with the Supplier. Questions as to processes, roles and responsibilities, and expectations are discussed and documented during the meeting(s).
4. While you could argue that you could send questions and receive the documentation via e-mail, the goal in hosting a Kick-Off Meeting and establishing a Contract Administration Plan is to show the Supplier the eagerness of the entity to partner to a successful outcome and start an open flow of ideas.

Contract Process Exercise
Contract Administration Plan – SPD-CP016


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CAP Practice Review

1. Divide the class into groups of three. Within each group, each participant will have 5 minutes to present their findings. impact and gaps identified.
2. Using their incomplete CAP forms, the teams will highlight the missing information, impact and gaps identified and potential discussion points for the Kickoff Meeting.



CAP Practice Review

1. Divide the class into groups of three. Within each group, each participant will have 5 minutes to present their findings. impact and gaps identified.
2. Using their incomplete CAP forms, the teams will highlight the missing information, impact and gaps identified and potential discussion points for the Kickoff Meeting.
3. Discuss the success of the exercise – what were the skill sets that seemed incomplete, unspoken?

TRAINER NOTE: This can be combined with the previous activity if need be.



Contract Administration
Supplier Contract Performance –
Step 2

The slide is titled "Contract Administration Kick off Meeting" in green text on a light green background. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 60", and "State Purchasing Division". The main content area has a white background. It starts with a paragraph: "The purpose of the Kick off meeting is to identify and review the scope of the contract with both the Supplier(s) and Program Manager. The following items must be addressed:". Below this is a bulleted list of items to be addressed, each with a yellow square bullet point. The items are: "Internal Policy and Procedures", "Communication process", "Payment process", "Contract Terms and Conditions", "Scope of Work" (which has three sub-items: "RFP", "Clarifications", and "Negotiated items", each with a white square bullet point), and "Draft CAP". To the right of the list is a yellow callout box with a red border containing the text: "The Kick off Meeting should be held as soon as possible prior to the Supplier initiating work against the contract."

The Kick off meeting should be scheduled as soon as possible (normally within 5 business days) following the successful award and executed contract. If for some reason, the contract does not start immediately, you will plan the meeting to be held @ 5 days prior to the Start Date.

The reason you hold the Kick Off meeting is that you want to reinforce that ALL parties understand the terms of the contract, what is to be accomplished, and each person's roles and responsibilities. Take the time needed to fully explore the Supplier response, and document all clarifications, and negotiated items that will be included within the contract.

The evaluation of the Supplier as an active and engaged partner working with the State Entity begins with the Kick-Off meeting. For that reason, you want to invite the Key Personnel for the Project from both sides, and have an introduction where you discuss the steps that have been taken to carefully select a partner that will be committed to service delivery for the State Entity.



**Post Contract Award:
Kick off Meeting Agenda Components**

The Contract Administrator should create an agenda to review all key elements of the contract with both the Supplier and Program Manager. At a minimum the areas of review which may be included.

- Scope
 - Review the intent of the contract.
- Terms and Conditions
 - Review the terms and conditions, particularly special provisions
- Requirements
 - Review of technical requirements with both Supplier and Program Manager
 - Review of reporting requirements

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Scope: The review of the contract scope may seem redundant, however, there can sometimes be different ways the written word can be interpreted.

T's & C's: Review the T's & C's with special attention to any special provisions; i.e., renewals, price escalations, etc.

Requirements: Review the technical requirement of the contract and allow the supplier the opportunity to ask questions. Likewise, you are allowing the Project Manager and/or Program Manager the opportunity to interact with the supplier.

Review any reporting requirements with the supplier. Detail the information that is needed and when it is to be submitted. The reason is to reiterate that reporting is essential to the performance of the contract.

Administration: Explain monitoring of contract and progress and explain the responsibilities of all parties. Discuss and review the respective responsibilities of the Supplier and the entity personnel and be sure they are clear on who/how to engage the entity.



**Post Contract Award:
Kick off Meeting Agenda Components**

The Contract Administrator will often also address these items in their meetings:

- Administration
 - Explain monitoring of contract and progress
 - Explain responsibilities of all parties
 - Explain Official forms: Assessment, Renewal, Amendment
- Rights
 - Explain the performance evaluation of the supplier
- Disputes and Resolution
 - Review of possible problem areas and subsequent solutions

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Rights: Discuss the rights and responsibility of all parties of the contract. Explain how the performance of the supplier will be evaluated and how the information may be used at a later time. Either as supporting a renewal or termination of the contract. Likewise, the performance information may be used for evaluating the supplier’s performance ability on future contracts.

Disputes and Resolution: Review of possible problem areas and subsequent solutions. These discussion points may be anything that the PM or CS perceive as potential pitfalls of the contract.

Payment: Review the invoice and payment procedures so that the supplier is aware of timelines for payment. Discuss how if supplier misses a milestone, then payment could be reduced or withheld.

Authority: Explanation of the authorization limitations of both the entity and supplier. Detail how items will be escalated, how deliverables will be signed off, and how any issues will be managed.

Because you are creating a working partnership, your tone of voice, expression (verbal and non-verbal) are key in making the work environment favorable to good communication and productivity.



**Post Contract Award:
Kick off Meeting Agenda Components**

The Contract Administrator will often also address these items in their meetings:

- **Payment**
 - Review the invoice and payment procedures.
 - Discuss how payment can be contingent upon satisfactory performance
- **Authority**
 - Explain the authorization of duties for the entity
 - Discuss the authorization of the duties for the supplier
 - Review Signature Authority and impact of incomplete documents.

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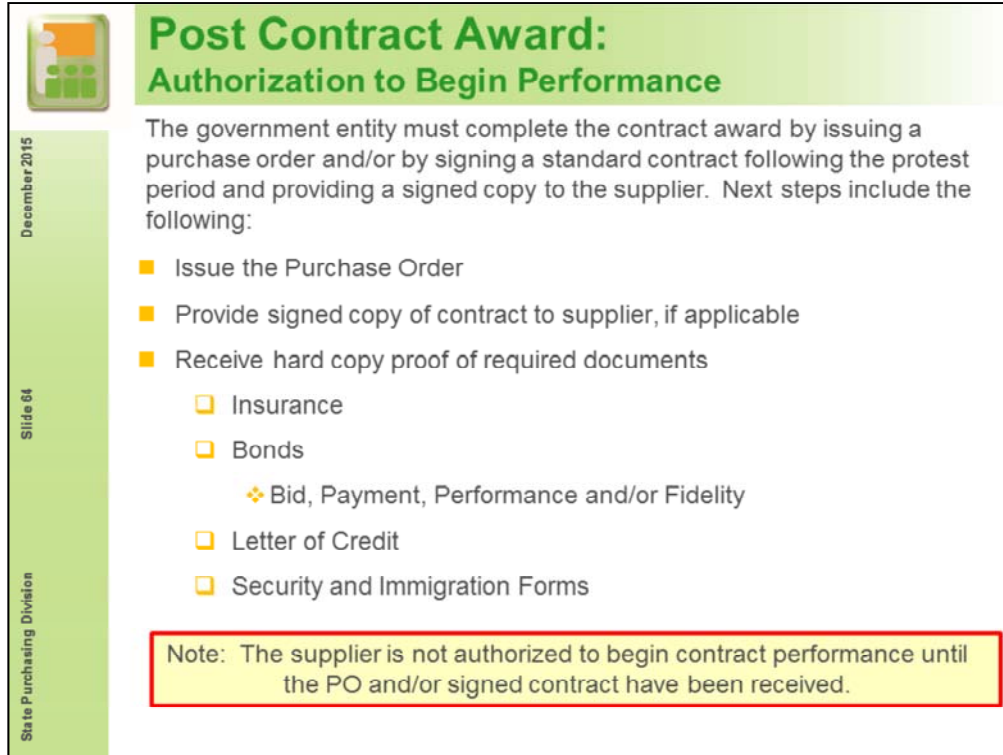
Rights: Discuss the rights and responsibility of all parties of the contract. Explain how the performance of the supplier will be evaluated and how the information may be used at a later time. Either as supporting a renewal or termination of the contract. Likewise, the performance information may be used for evaluating the supplier's performance ability on future contracts.

Disputes and Resolution: Review of possible problem areas and subsequent solutions. These discussion points may be anything that the PM or CS perceive as potential pitfalls of the contract.

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Authority: Explanation of the authorization limitations of both the entity and supplier. Detail how items will be escalated, how deliverables will be signed off, and how any issues will be managed.

Because you are creating a working partnership, your tone of voice, expression (verbal and non-verbal) are key in making the work environment favorable to good communication and productivity.



**Post Contract Award:
Authorization to Begin Performance**

The government entity must complete the contract award by issuing a purchase order and/or by signing a standard contract following the protest period and providing a signed copy to the supplier. Next steps include the following:

- Issue the Purchase Order
- Provide signed copy of contract to supplier, if applicable
- Receive hard copy proof of required documents
 - Insurance
 - Bonds
 - ❖ Bid, Payment, Performance and/or Fidelity
 - Letter of Credit
 - Security and Immigration Forms

Note: The supplier is not authorized to begin contract performance until the PO and/or signed contract have been received.

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In most cases, you will have the necessary documents and purchasing instruments in place prior to the Kickoff Meeting. If for some reason they are incomplete, you will detail the items that are still pending, and the reminder that work cannot be initiated until you, the Contract Administrator, notify all parties, in writing, that work can begin.

If multiple meetings are necessary to Kick-off a complex initiative, wrap up each day with a summary of the items handled/managed, and those that are being deferred or worked on outside of meeting time. Please also share how the next day will proceed, and who needs to be in attendance for the Supplier to make the meetings as productive as possible.

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State Purchasing Division

Post Contract Award: Suppliers Responsibility before Performing

With receipt of one or all of these documents, and following the Kickoff Meeting, the Supplier is authorized to begin performance on the contract.

- Purchase Order-One Time Purchase
 - Receipt of a PO authorizes supplier to perform
- Notice of Award-Open Contract
 - Fully executed contract
 - Receipt of NOA may authorize performance*
 - Receipt of PO on Open Contract authorizes performance
- P-Card purchase

*** Note:** When using an NOA for awards under 100K, you still must wait for the expiration of the protest period (10 days) to execute the contract.

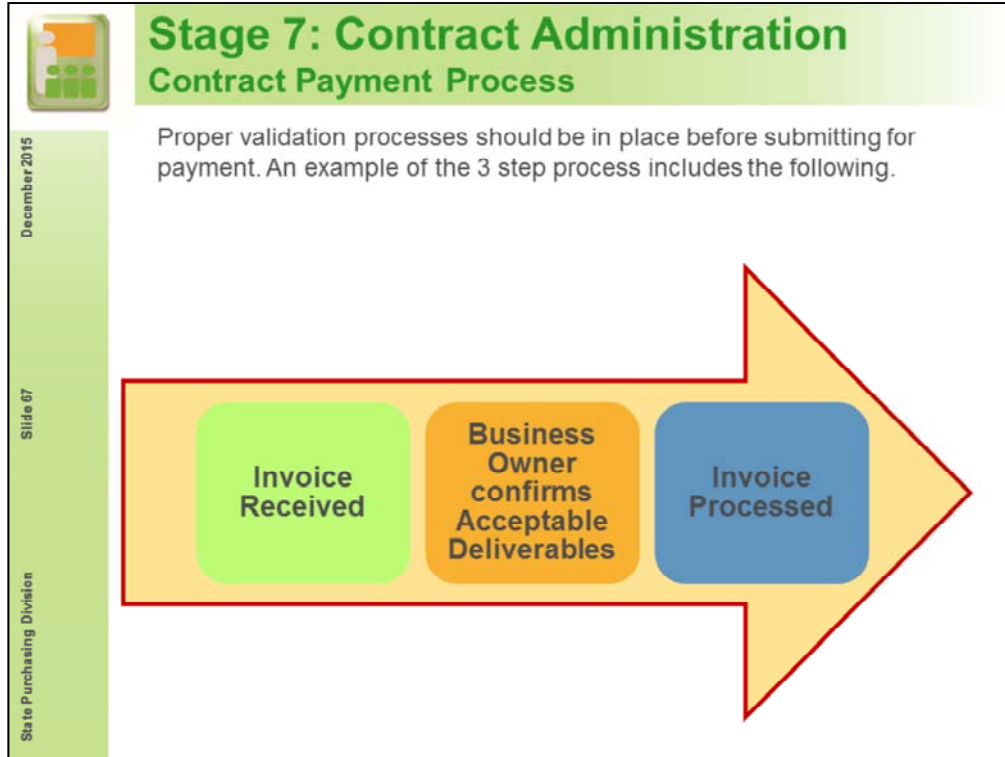


Often the Supplier is eager to start work (and thus invoicing) and will offer to work as soon as the PO has been processed. Do not forget for items that are under 100K you are only required to post the NOA....however.....you cannot execute the contract until after the protest period has been completed with no protests (or resolution of the protest). Any work performed by a Supplier prior to the contract execution is at-risk work, and by definition, not susceptible to payment (particularly if the contract has not been executed and/or the award is protested). Allow enough time in your solicitation process and onboarding of the Supplier to ensure that all rules are appropriately followed.



Stage 7: Contract Administration

Contract Payment Process



Once the contract has been fully executed and the purchasing instruments finalized, the contract is setup for invoicing, payment, and reconciliation. The process of receiving invoices, securing approval and payment should be discussed and documented during the Kickoff Meeting and detailed in the Contract Administration Plan.

1. Invoice received: Review and confirm pricing, dates of service, quantities
2. Confirmation of acceptable deliverables: Business confirms receipt of acceptable and functional product/service. They're happy with what they got!
3. Invoice processed: Once documented acceptance from business owner, process payment and send to AP

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State Purchasing Division

Stage 7: Contract Administration

Contract Payment Types

Contracts payment clauses may allow contracts to be paid for using 1 or a combination of payment terms. The Contract Administrator is responsible for monitoring the payments for timeliness and accuracy to ensure the total payments do not exceed the limits. Typically payment types include:

- Complete Payment
- Partial Payment
- Progress Payment
- Milestone Payment

Contract Payment Types

- Complete Payment
- Partial Payment
- Progress Payment
- Milestone Payment

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State Purchasing Division

Stage 7: Contract Administration

Contract Payment-Complete Payment

- Complete Payment
 - Full payment is provided upon acceptable completion of services or delivery of goods
 - Includes a Certification of Completion or Validation of Acceptance from the Business Owner



This is the equivalent of Payment in Full. It is important to understand that Payment in Full also represents full compliance with the terms of the contract and the required deliverables. In no case should full payment be made in advance of receipt of the product or service.

Stage 7: Contract Administration
Contract Payment

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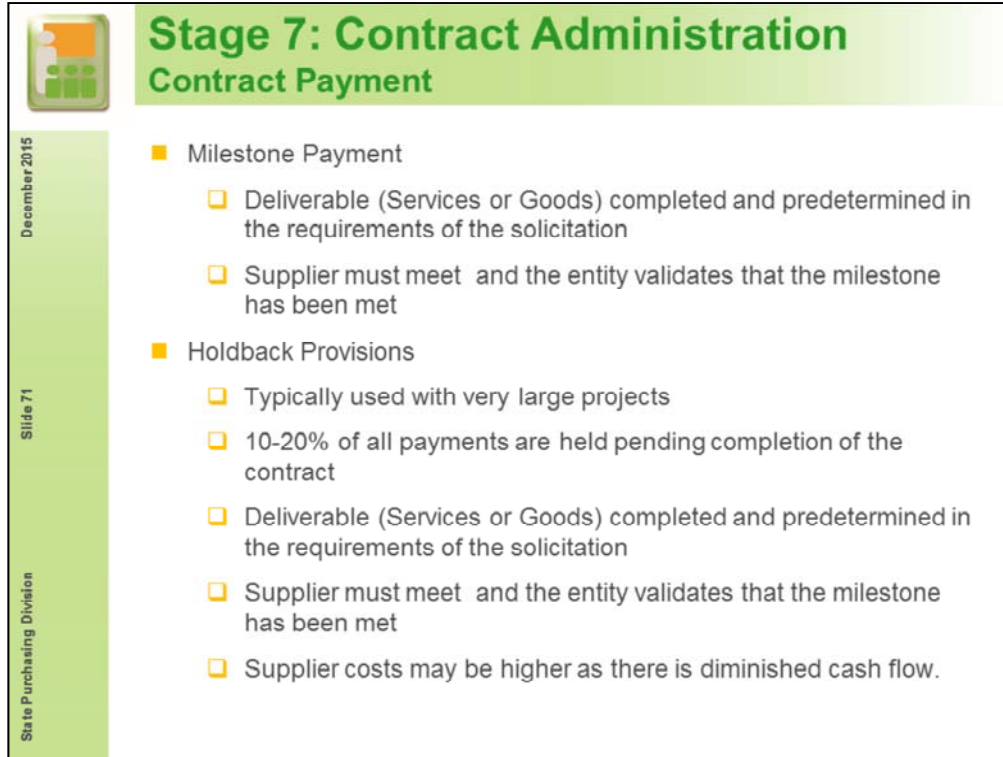
- Partial Payment
 - Allows payment for incremental delivery of services or goods
 - Payment may be based on partial delivery or timelines
 - Includes a Validation of Acceptance from the Business Owner
- Progress Payment
 - Payment may be based on a percentage of completion or timelines
 - Includes a Validation of Acceptance from the Business Owner

Partial and Progress Payments should be relational to the value of the materials received (i.e. – if 30% of the value of the end product has been received, then payment should not exceed 30%)

Partial Payments should be relational to the value of the materials received (i.e. – if 30% of the value of the end product has been received, then payment should not exceed 30%)

Progress Payments should be relational to the stage or milestones accomplished to date. The percentage of payment is typically tied directly to a fixed timeline and completion of specific deliverables. (e.g. 30% of the State has been upgraded within 4 months)

These are difficult to manage, as there may be impact to the value received. As an example, if 30% of the State has been upgraded, and the system capacity is compromised when 40% of the State is upgraded, the actual value is diminished. Assuming that the solution can't function properly without additional enhancements or purchase of an alternate solution, you then no longer have the value of the 30% already upgraded as they will have to have new materials upgraded/trained, etc.



The slide features a green header with the title "Stage 7: Contract Administration Contract Payment" and a small icon of a tablet. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 71", and "State Purchasing Division". The main content area is white and contains two main bullet points, each with a yellow square icon. The first bullet point is "Milestone Payment" and the second is "Holdback Provisions". Each of these has three sub-bullet points, also marked with yellow square icons.


Stage 7: Contract Administration
Contract Payment

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State Purchasing Division

- Milestone Payment
 - Deliverable (Services or Goods) completed and predetermined in the requirements of the solicitation
 - Supplier must meet and the entity validates that the milestone has been met
- Holdback Provisions
 - Typically used with very large projects
 - 10-20% of all payments are held pending completion of the contract
 - Deliverable (Services or Goods) completed and predetermined in the requirements of the solicitation
 - Supplier must meet and the entity validates that the milestone has been met
 - Supplier costs may be higher as there is diminished cash flow.

Milestone Payments assume a risk of inherent value of the materials received (i.e. – assume that when Business Requirements have been established, that those requirements would be valid for any other supplier that might need to complete the work)

Holdback Provisions allow for the State to retain some of its capital, but may result in higher costs in the long run. This strategy has been most successful when there were high political impacts and service delivery needs. It establishes a stronger partnership between the supplier and entity as the supplier is eager to complete work sooner to reap the benefits of payment.



Stage 7: Contract Administration

Contract Payment-Risk

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As with everything in your professional life, each contract payment type presents a level of risk. The level of risk and the parties exposure can range from Low to High.

Payment Type	Supplier	Entity
Completion	High	Low
Partial	Medium/Low	Medium/High
Progress	Medium/High	High
Milestone	Medium	Medium
Holdback	Medium/High	Low/Medium

Effective contract administration requires regular assessment of risks associated with the project. The assessment of risk should be determined early in the development of the solicitation requirements.

Completion: Burden of financing the project until completion is the responsibility of the Supplier

Partial: May provide a positive cash flow to the Supplier for delivery of services or goods in order to move forward with the contract requirements. A partial may be a higher risk to the entity depending on the overall impact to the project/mission

Progress: Risk is to the entity as there is no guarantee that project delivery will be successfully completed

Milestone: Risk is on both Supplier and entity, as the supplier can not invoice for deliverable until the associated milestone has been met. Entity must validate that the milestone is met.

Holdback – Typically lower risk to the Entity as they will have more cash flow to use should the contract be unsuccessful. Best mitigated by using a combination of Holdback and Milestone where, as each milestone is completed, the associated holdback is released.

Effective contract administration requires regular assessment of risks associated with the project. Again, the need for planning and assessment of risk in the early stages of the solicitation creation is important. Planning for budget impacts, payment processes, and overall administration of multiple invoicing points, etc. will also potentially be more labor intensive for the Contract Administrator and the Project Manager and should be discussed fully.

Risk Assessment is continuous through the life of the contract. As change orders or amendments are presented, you will need to continue to assess the risk involved and ensure that all changes are subject to the same conditions originally included in the solicitation.

Stage 7: Contract Administration
Contract Payment- Audits

Contract audits are routinely conducted and ensure a 3 way match before submitting for payment. Deliverable acceptance forms or validation communication from the business owner must be in the contract file.

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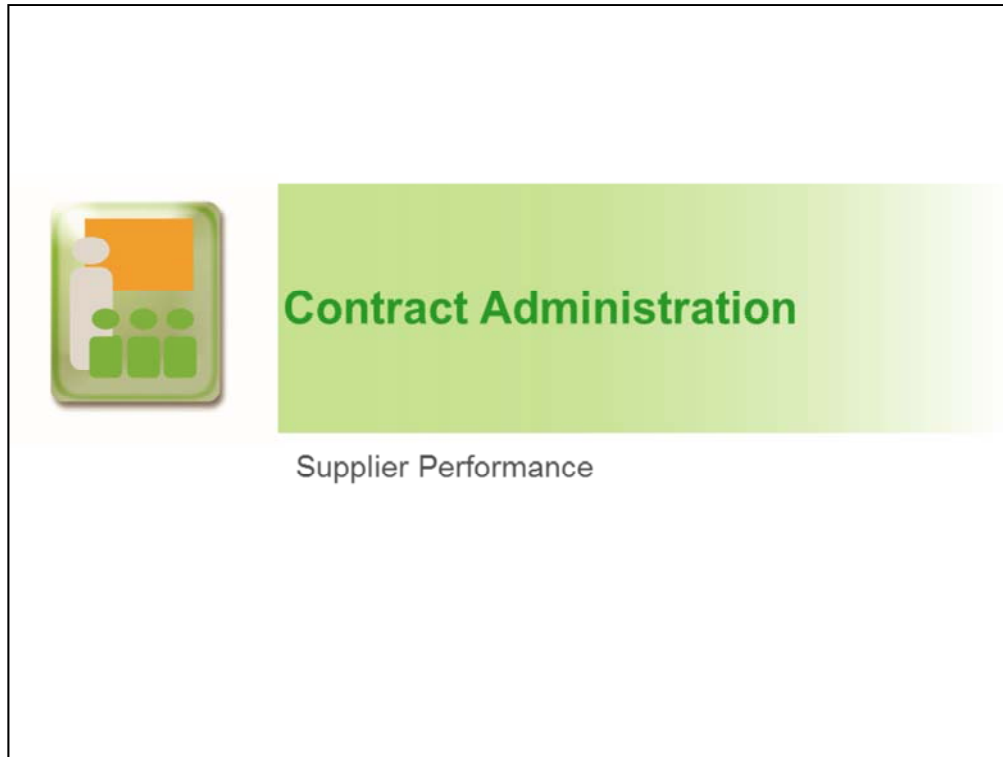
What is on the Purchase Order

What is Received and on the Receiving Report

What is Paid on the Invoice

Note: When a Contract is Used as the Encumbrance Method as opposed to a separate Purchase Order, it becomes the first component of the three-way match concept. In all cases, you must be able to audit for a request for a service or good, an instrument of fulfillment and of payment. As you benchmark progress towards completion of the project, look at renewals, and impacted spend/budget lapses, etc. it will be key to also audit the payments made to date.

Contract Administration



Optional GAME:

The purpose of Procurement Jeopardy is to see how much you remember from our class yesterday. I will call out a question, and the first person to raise their hand will be called upon to complete the response. Remember to put your answers in the form of a question!

1. I am the two criteria that any contract must have to be considered legally binding.

ANSWER: What are mutual agreement and consideration (exchange of something of value)

2. I am work performed when a contract has not yet been signed.

ANSWER: What is "at risk"?

3. I am the person that can process amendments, renewals, and payments.

ANSWER: Who is the Contract Administrator?

4. I am the document that is shared and discussed in the Kickoff Meeting.

ANSWER: What is the CAP (Contract Administration Plan)?

5. I am where signed original documents are stored.

ANSWER: What is the Contract File?

6. I am the two types of materials stored in Contract Files.

ANSWER: What are Items that Require Action and Operational Forms?



The slide features a green header with the title "Contract Administration Performance Monitoring" and a small icon of a tablet. A vertical green bar on the left contains the text "December 2015", "Slide 75", and "State Purchasing Division". The main content area has a white background with a list of five yellow square bullet points. To the right of the list is a graphic of a document with "A+" written on it, surrounded by yellow rays. Below the list is a yellow box with a red border containing a warning message. The footer of the slide is a light green bar with the text "State Purchasing Division".

Contract Administration Performance Monitoring

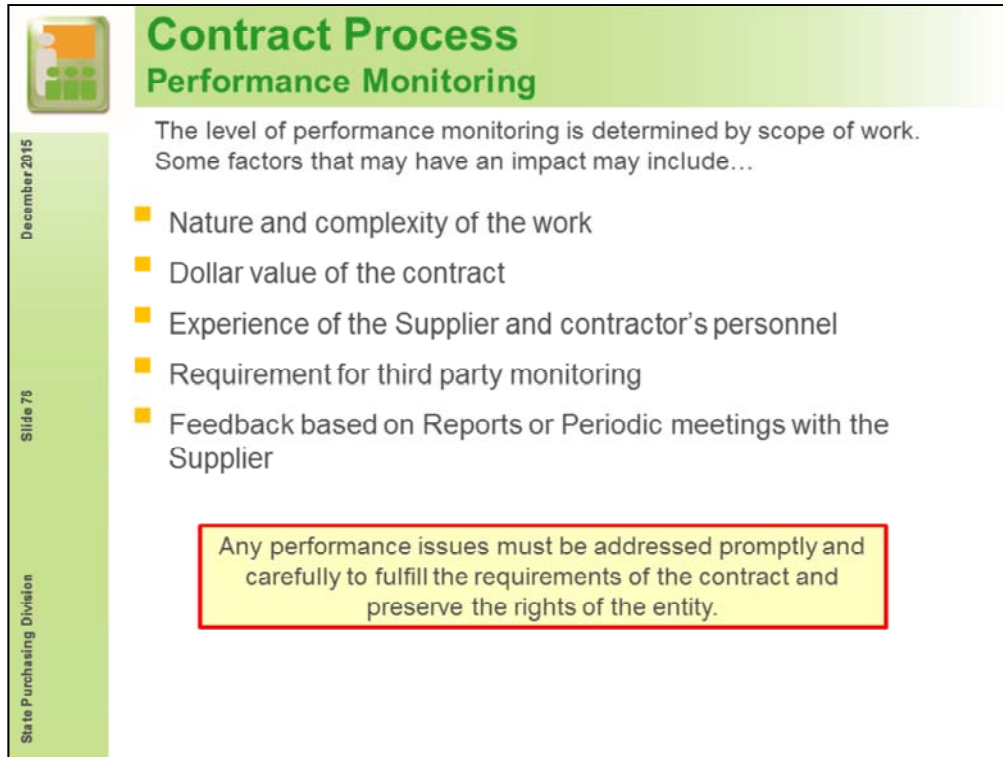
- Level of Monitoring
- Progress Reports
- Resources
- Timeliness and Quality of Deliverables
- Costs Review
 - Verify invoices match stated deliverables and scope
 - Verify total payments do not exceed the monetary limit of the contract.

The information obtained through monitoring supplier performance may reveal actual or potential default.

Monitoring the performance of a Supplier is a key function of contract administration. The evaluation process may differ based on the type of work being performed, however all components in Supplier Evaluation will ascertain if the Supplier is meeting the terms and conditions of the Contract, and measure satisfaction with the delivered work products. Evaluation may be weekly, monthly, quarterly, annually or as needed and may change as documented issues are presented, addressed, and/or resolved.

The Contract Administrator is also responsible for reviewing each invoice to ensure it is correct. The invoice must comply with the terms and conditions of the contract, and the total payments must not exceed the monetary limit of the contract.

NOTE: Many entities are not set up where the Contract Administrator has full access or input in the invoicing process. Because it is a component of contract administration, it is important that, at a minimum, the Contract Administrator pulls reports to monitor funding availability of the contract and to use when looking at amendments and changes.



Contract Process Performance Monitoring

The level of performance monitoring is determined by scope of work. Some factors that may have an impact may include...

- Nature and complexity of the work
- Dollar value of the contract
- Experience of the Supplier and contractor's personnel
- Requirement for third party monitoring
- Feedback based on Reports or Periodic meetings with the Supplier

Any performance issues must be addressed promptly and carefully to fulfill the requirements of the contract and preserve the rights of the entity.

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Small dollar value or less complex contracts would normally require little, if any, monitoring. Nevertheless, that does not preclude the possibility of more detailed monitoring if deemed necessary by state entity personnel. Conversely, large dollar contracts may need little monitoring if the items/services purchased are non-complex and entity personnel are comfortable with the contractor's performance.

Requirement for third party monitoring: Sometimes this happens with GTA contracts, Federal funds being used for your contract...This incorporates a third party to independently verify and validate the performance of the supplier.

EXAMPLE: Pine Straw contract for GA Southern Univ

Low dollar value, low complexity but the contractor must be monitored for using the specified pine straw.

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Contract Process Performance Monitoring

A strong CAP should already include periodic meetings and review of work products; make sure that the frequency and type of interaction is specified in the solicitation and subsequent contract.

Periodic meetings with the Supplier, allow for:

- Discussion of performance- Positive and Negative
- Discussion of invoicing issues
- Updating of project progression/milestones
- Support the required evaluation tools for contract renewal



The value of Periodic Meetings is certainly the mutual understanding of compliance, and open communication. Having this ongoing dialogue often prevents major issues from impacting the project!

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Contract Process Performance Monitoring

When evaluating performance and productivity the Contract Administrator and Project Manager should consider whether it is considered a Discrepancy or a Performance Issue.

Discrepancy: an item which is not fully compliant, but is intended to be compliant with the terms of the contract.

Performance Issue: an item which is largely incomplete, or appears to be non-compliant with the terms of the contract.



In evaluating the performance of a supplier, it is important to note whether the received materials have a discrepancy that can easily be resolved, or if they are symptomatic of a larger performance issue which indicates non-compliance with the terms of the contract.

This is very subjective, and the documentation should support multiple discrepant deliverables that require a stronger approach to correction. We will be treating them equally in terms of developing a corrective action plan, but the significance of each is important to note as we go through the remainder of the course and address the implication of Performance Issues on project success and performance management.

December 2015

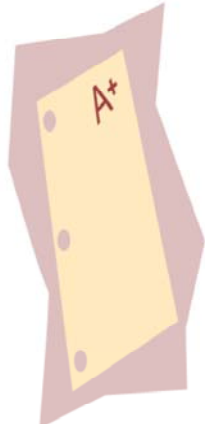
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Contract Process Performance Monitoring Tools

Two forms are used to formally document Supplier Performance.

1. SPD-CP008 Supplier Performance Report is used to document performance and corrective actions taken during the current contract period. This form is typically completed by the Contract Administrator based upon information communicated by the end user.
2. SPD – CP019 Contract Renewal Assessment Report is sent to a sampling of end users that are working with the Supplier, and gathered by the Contract Administrator.



These forms are used to further document performance, invoicing, and project progression issues in the Contract File.

To effectively manage contract performance, you must have appropriate documentation of positive and negative issues so that you can best advise your customer should issues arise. Throughout the year as deliverables are received, if delays occur, etc. take a moment to update your files using the Supplier Performance Report. If a corrective action plan is needed, it is documented here as well so that you can track date of implementation and date of resolution.

In a bit when we discuss the Contract Renewal Process, we'll discuss how to gain other input and benchmark overall progress and satisfaction.

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State Purchasing Division

Contract Process Performance Monitoring Tools

SPD-CP008 Supplier Performance Report

The Supplier Performance Report has a series of drop down selections to help you get started. Please pull up the SPD-CP008 form and take a moment to see how the tool works.

An online solution is again being considered by State Purchasing that would provide access to the information to all users statewide. At this time you may use the form for your own records, or submit to the SPD Purchasing Director.

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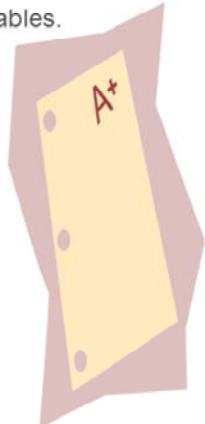
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State Purchasing Division

Hands on Exercise: Performance Monitoring Tools

Creative Outlets has turned in their first deliverable, Final Detailed Project Plan, and their first Invoice to you. Access the Contract Administration Folder for Creative Outlets, labeled Deliverables.

1. Review the delivered packet.
2. Determine next steps (Error? Correct? Process Payment?)
3. Complete the SPD-CP0008 and annotate any corrective action that must take place.



Let's see how to document a deliverable as it is received. In your Contract Administration folder on your desktop, access the Creative Outlets folder, and then the subfolder for Deliverables. Look at the information received and using the information you have from the Contract Administration Plan and Supplier's Response, etc. review the materials. If you find errors or corrective items that must take place to be compliant, you will document those on the form. If, however, all is received correctly, you will annotate the form in a positive manner and forward the items for payment. You have 15 minutes to complete this exercise and review!

The slide features a green header with the text "Hands on Exercise: Performance Monitoring Tools" and a small icon of a folder. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 82", and "State Purchasing Division". The main content area has the question "What did you find?" in large black font. Below the text are four illustrations: a green detective with a magnifying glass, a red and white striped warning sign, a clipboard with a blue checkmark, and a person sitting at a desk with a lamp, looking at a document.

What did you find?

1. Deliverable said "DRAFT", was late, and wasn't the final version of the Deliverable.
2. Deliverable had cover sheet with signature of the supplier, but had not been routed to the Program Manager for their approval.
3. Invoice reflected the wrong pricing and contract number.

Lead a class discussion on how to best resolve these items.

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Stage 7: Contract Administration Discrepancy Resolution

The role of the Contract Administrator is to resolve problems before they escalate. To avoid escalation of problems to the next level, and assure that the government entity has not contributed to the problems, the Contract Administrator should respond promptly to all complaints.

1. Identify the problem
2. Research facts and issues
3. Evaluate the contract requirements
4. Communicate with the Supplier
5. Document the specific issue(s), corrective action plan(s), and trends



Like any relationship, there are always going to be some rough patches that you need to work through! A contract is no different. It is still a “relationship” between the supplier and the government agency. Sometimes, there are misunderstandings of either party, that’s the role of the Contract Administrator...to mediate thru those rough patches. The goal is to salvage the supplier’s performance and retain a viable working contract that benefits both parties.

Throughout the life of a contract, you can expect that there may be performance issues and/or misunderstandings by the supplier. The role of the Contract Administrator is to resolve these problems before they escalate.

Sometimes issues that arise during the life of a contract are as a result of the entity failing to meet their obligations to the contract, would you agree? When issues become apparent the CA should research and understand what the issue is and who is responsible in order to avoid escalation of the issues to the next level which may result in the termination of the contract.

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Stage 7: Contract Administration

Corrective Action Plan

- What is the problem
 - Miscommunication
 - Poor Specifications or Requirements
 - Unforeseen impacts
 - Poor planning or design
 - Insufficient documentation
 - Non performance
- What is the impact to internal/external parties
- Severity of the problem
 - Level of impact to the performance of the contract




Once the problem has been identified, the next step is to communicate to all parties the issues and to develop a written corrective action plan. Be sure to communicate and document all areas that are affected. As you work through the issue determine if an amendment in scope is required, or if a notice of default/ breach of contract appears likely. Be prepared to be firm and direct in discussion of the issue, the impact, and the potential outcomes.

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Stage 7: Contract Administration

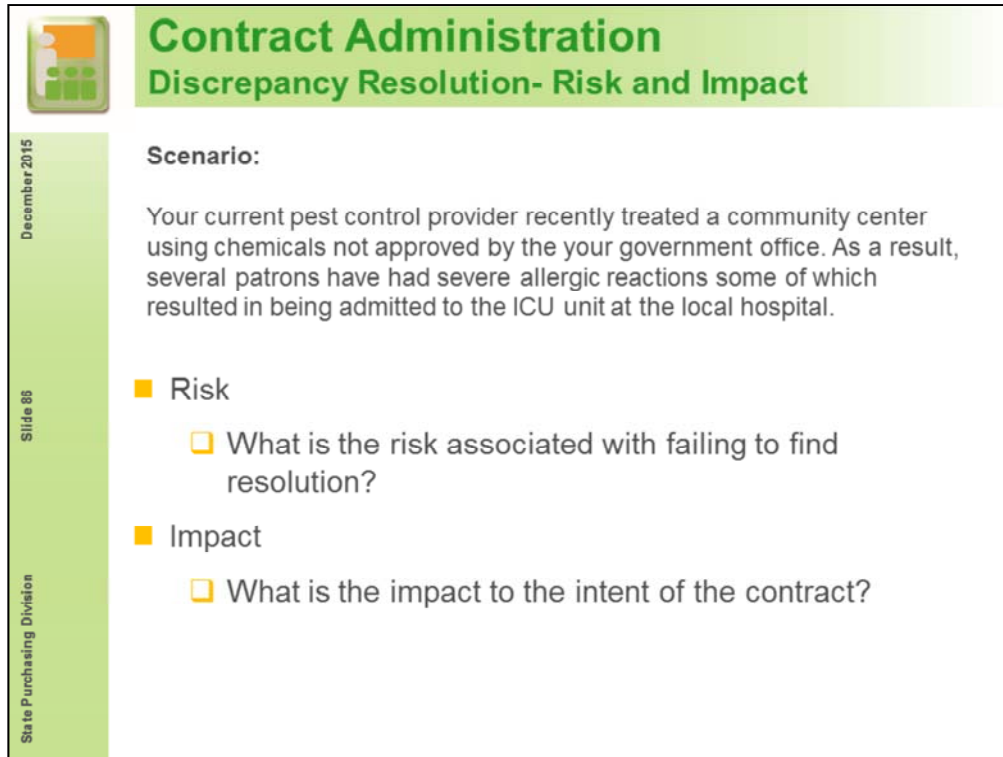
Discrepancy Resolution-Identify the Problem



- Severity of the problem
 - Assess Impact and Risk
 - Overall success of the Project
 - Timeline
 - Quality
 - Cost

A well constructed corrective action plan will address the impact, risk, and the best solution to resolve the issues at hand.

Determining the actual severity of the problem will take some work on the part of both the Program Manager (or programmatic lead) and the Contract Administrator. Much like a Judge, the Contract Administrator will attempt to assign fault and/or injury to the appropriate party and then determine the best resolution. Let's look at how this is played out.



The slide features a green header with the title "Contract Administration Discrepancy Resolution- Risk and Impact" and a small icon of a tablet. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 86", and "State Purchasing Division". The main content area is white and contains a "Scenario" section, a "Risk" section with a bullet point, and an "Impact" section with a bullet point.

Contract Administration
Discrepancy Resolution- Risk and Impact

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State Purchasing Division

Scenario:

Your current pest control provider recently treated a community center using chemicals not approved by the your government office. As a result, several patrons have had severe allergic reactions some of which resulted in being admitted to the ICU unit at the local hospital.

■ **Risk**

- What is the risk associated with failing to find resolution?

■ **Impact**

- What is the impact to the intent of the contract?

Clearly there is risk with the continued use of the unauthorized chemicals, and the risk to human life for those that have already been admitted to the ICU, and/or at risk customers that have asthma and a life threatening allergic reaction when exposed to these chemicals.

The impacts range from

- media coverage of customers sent to the ICU after being in your facility
- potential legal action against the entity to include restitution of all medical bills
- closure of your facility by the Health Department/Authorities until a full cleansing can occur which will also impact productivity and service delivery

So there are definitely risks if no action is taken, and existing risks and impacts for those already affected that must be handled.

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Contract Administration

Discrepancy Resolution- Risk and Impact

To respond to the Risk and Impact Questions, you will need to talk to all parties and ensure that you have the correct information:

- Think before Acting
- Listen to all sides
- Consult with Legal as needed
- Respect all Parties
- Focus on the Problem
- Communicate Clearly
- Follow the Process you Developed
- Look to the Future
- Keep Options Open



As you can see, careful consideration of all of the items is important. As you approach any issue, step back and do the following:

Ask open-ended questions wherever possible to ensure that you capture as much information as you can. Listen without prejudice, and make notes as you have conversations to help you document issues clearly. Keep a list of items that may require a change to either process or the contract, or both.

Think before Reacting

Consider options and weigh possibilities for a positive outcome

Listen

Listen to the words, body language and intonation

Consult with Legal before offering solutions, “deals”

Pledge a Fair Process

Focus on the Problem


Maintain Responsibility

Communicate Directly

Focus on Interests

Look to the Future

Keep Options Open




Contract Administration

Causes of Performance Issues

At times, the supplier and the government entity may disagree over performance or other contract issues. The supplier and government entity must work in good faith through the dispute resolution process. Typical performance issues include

- Missed scheduled delivery date and time
- Providing inferior merchandise or unauthorized substitute
- Altering contract pricing
- Unauthorized use of subcontractors
- Unauthorized assignment of contract to another supplier
- Inadequate or unqualified workers
- Incorrect invoicing

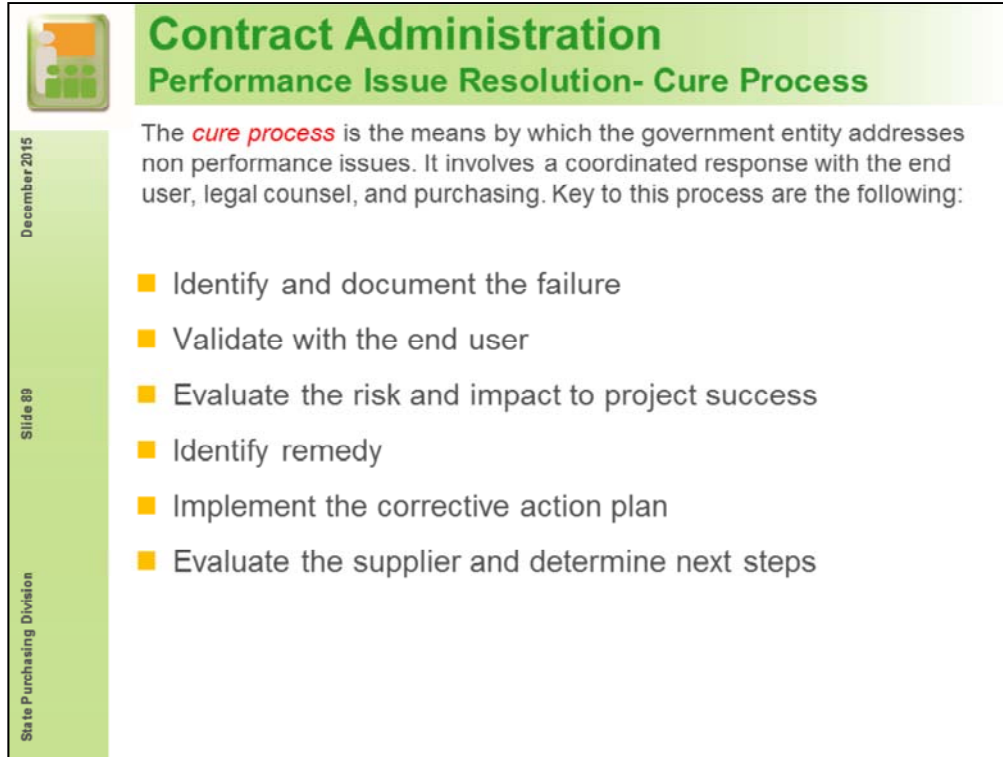


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When Program Management or the Contract Administrator discover issues that impact performance, you must remember that time is money. The severity of the issue may impact service delivery, cost, quality, and overall satisfaction. Some examples of Performance Issues are listed here. They may not be intentional, and your role is to Listen, Understand, and then Correct.



The slide features a green header with the title "Contract Administration Performance Issue Resolution- Cure Process" and a small icon of a tablet with three green bars. A vertical green bar on the left contains the text "December 2015", "Slide 89", and "State Purchasing Division". The main content area has a white background with a green border. It includes a paragraph defining the cure process and a bulleted list of six steps.


Contract Administration Performance Issue Resolution- Cure Process

The *cure process* is the means by which the government entity addresses non performance issues. It involves a coordinated response with the end user, legal counsel, and purchasing. Key to this process are the following:

- Identify and document the failure
- Validate with the end user
- Evaluate the risk and impact to project success
- Identify remedy
- Implement the corrective action plan
- Evaluate the supplier and determine next steps

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The cure process occurs when formal notification of breach of contract has been provided to the Supplier. In these instances, a letter is sent to the Supplier by the Contract Administrator outlining the issue, the intended resolution, and the timeframe for action. It is coordinated with the legal department, and also references areas in the contract that if not met, will result in the termination of the contract.



Contract Administration

Performance Issue Resolution- Cure Notice

The contract administrator must notify the supplier in writing and allow a reasonable period to correct or cure the deficiency or violation. This is the first step to resolution and serves as the official notice commonly known as a *cure notice*.

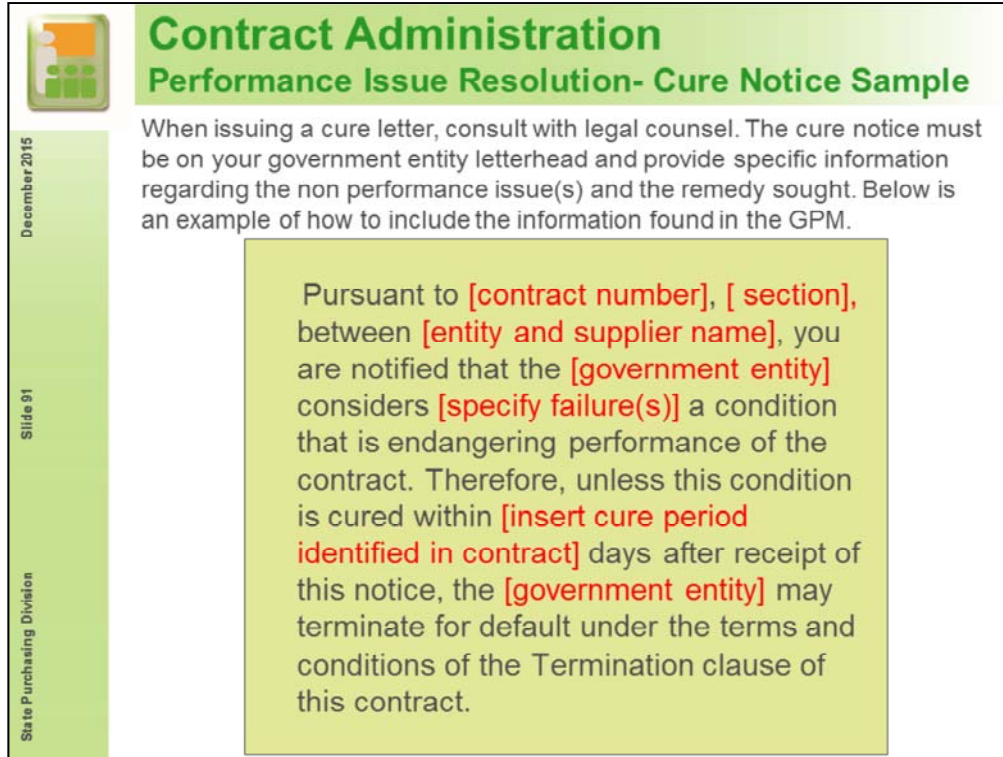
- A cure notice is issued to inform the Supplier that the entity considers the contractor's failure a condition that is endangering performance of the contract
- The minimum cure period is often defined in the contract and is generally at least *10 days*
- The form of the notice must comply with the specific provisions of the government entity's contract
- The cure notice must state that if the condition is not corrected within a specified period, that the Supplier may face the termination of its contract for default

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State Purchasing Division

The cure notice is sent as a LAST resort, after mediation has failed. You will recall in the solicitation process you may have asked the supplier to indicate if they have ever been found in breach of contract or had a contract terminated and to provide the details. Most suppliers will work through the normal channels to avoid being found in breach.



Contract Administration
Performance Issue Resolution- Cure Notice Sample

When issuing a cure letter, consult with legal counsel. The cure notice must be on your government entity letterhead and provide specific information regarding the non performance issue(s) and the remedy sought. Below is an example of how to include the information found in the GPM.

Pursuant to [contract number], [section], between [entity and supplier name], you are notified that the [government entity] considers [specify failure(s)] a condition that is endangering performance of the contract. Therefore, unless this condition is cured within [insert cure period identified in contract] days after receipt of this notice, the [government entity] may terminate for default under the terms and conditions of the Termination clause of this contract.

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Key reminders:

Be sure to complete this step in conjunction with legal counsel

Ensure that all parties and POC's in the contract, to include the business owner are cc'd

**The contract may have legal counsel and the legal signatory individual which will also need to be notified

Be sure that you have:

Identified remedy

Timeframe for correction to performance failures (must be reasonable)

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State Purchasing Division

Contract Administration

Dispute Resolution- Show Cause Notice



Before sending a Cure Notice, verify that the entity is not also in breach of the contract or has significantly contributed to the unsuccessful performance.

There is nothing worse than calling the Supplier out for breach of contract when the State Entity has caused the breach to occur. Research carefully and discuss with the Contract Administrator any issues in which the State Entity may have contributed to the failed delivery of items.

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State Purchasing Division


Contract Administration

Dispute Resolution- Show Cause Notice

The *Show Cause Notice* is the last step preceding the termination of the contract. The notice requests the supplier to respond in writing, explaining the reason for non-performance, including any excusable causes. The notice addresses the following areas:

- Supplier has not corrected the performance issues outlined in the Cure Letter within the 10 day timeline
- There is not sufficient enough time remaining in the contract delivery schedule to permit a realistic cure period





Contract Administration

Dispute Resolution- Show Cause Notice Sample

When issuing the notice, consult with legal counsel. The notice must be on your government entity letterhead and provide specific information regarding the non performance issue(s). Below is an example of the information to include which is found in the GPM.

"Since you have failed to perform Contract No. _____ within the time required by its terms or **cure** the conditions endangering performance under Contract No. _____ as described to you in the **[government entity's] letter of [date]**, the **[government entity]** is considering terminating the contract under the provisions for default of this contract. Pending a final decision in this matter, it will be necessary to determine whether your failure to perform arose from causes beyond your control and without fault or negligence on your part. Accordingly, you are given the opportunity to present, in writing, any facts bearing on the question to **[name and address of contract administrator]** within 10 days after receipt of this notice. Your failure to present any excuses within this time may be considered as an admission that none exist. Any assistance given to you on this contract or any acceptance by the **[government entity]** of delinquent goods or services will be solely for the purpose of mitigating damages, and it is not the intention of the **[government entity]** to condone any delinquency or to waive any rights the **[government entity]** has under the contract".

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State Purchasing Division

"Since you have failed to perform Contract No. _____ within the time required by its terms [or **cure** the conditions endangering performance under Contract No. _____ as described to you in the (state entity's) **letter** of _____], the [state entity] is considering terminating the contract under the provisions for default of this contract. Pending a final decision in this matter, it will be necessary to determine whether your failure to perform arose from causes beyond your control and without fault or negligence on your part. Accordingly, you are given the opportunity to present, in writing, any facts bearing on the question to [name and address of contract administrator] within 10 days after receipt of this notice. Your failure to present any excuses within this time may be considered as an admission that none exist. Any assistance given to you on this contract or any acceptance by the [state entity] of delinquent goods or services will be solely for the purpose of mitigating damages, and it is not the intention of the [state entity] to condone any delinquency or to waive any rights the [state entity] has under the contract".



Contract Administration

Dispute Resolution- Termination for Cause

Termination of a contract for cause should begin only after consideration of the consequences, impact to the end user and supplier, and with input from legal counsel.

- Confirm cure process exists
- Send Cure and Show Cause as applicable
- Exhaust all avenues of resolution
- Verify no excusable condition exists
- Locate alternate source of supply
- Send Supplier Termination letter
- Notify Accounts Payable




December 2015

Slide 95

State Purchasing Division

The importance of communication and documentation is critical when you determine to terminate a contract. You should have all items documented, copies of notifications in writing to the Supplier of initial issues, a Cure Notice, and the supporting documentation where you instructed them that they were in jeopardy of contract termination. Termination for cause follows a supplier and impacts their perceived ability to perform and may cost them future awards!

Note that in the list of items to be considered is an alternate source of supply. Many of our contracts include provision when a termination for cause occurs for the state to recoup lost productivity by having the exiting supplier pay for the fees charged by an alternate firm to keep the program in “operational” status. You may also have some transitional processes going forward in which the current supplier must provide knowledge transfer and assist in ensuring the new vendor comprehends the project impacts and deliverables.



Contract Administration Consequences-Termination for Cause

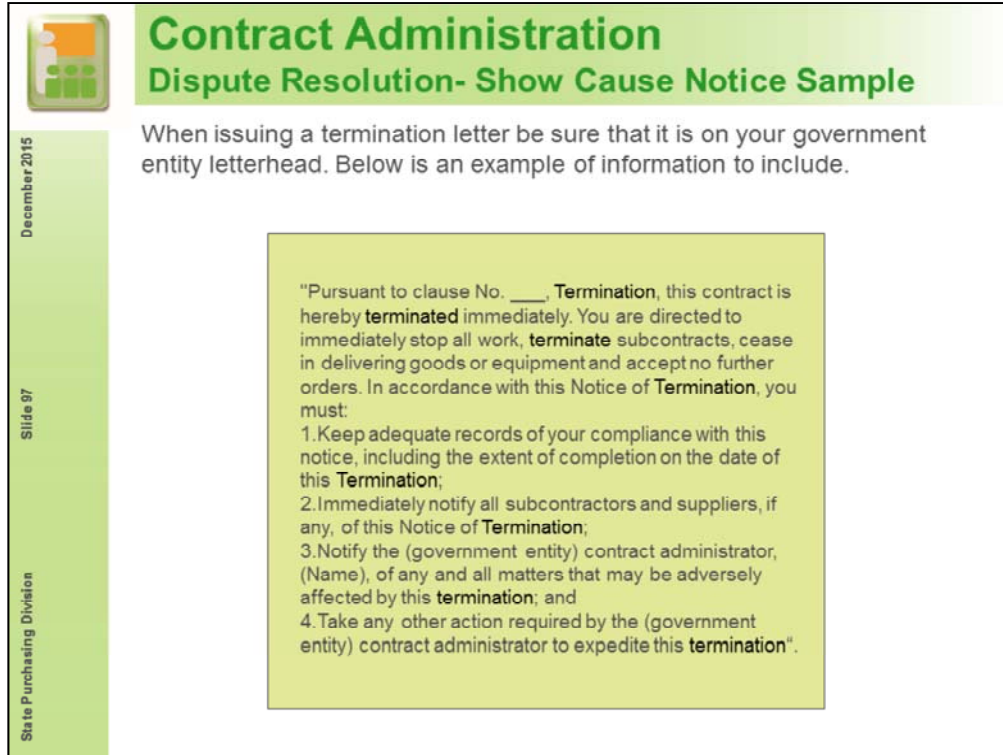
Terminating a contract for cause may require additional consequences and actions by the Contract Administrator. Some of these may include:

- Secure all government owned materials and property
- Identify any bonds related to the contract and contact your legal department for payment provisions
- Notify SPD of Termination for Cause and recommendation for suspension or debarment
- Develop alternate project plan with business owner
- Procure alternate source of supply
- Confirm payment of final contract costs with Accounts Payable

December 2015

Slide 96

State Purchasing Division



The slide features a green header with the title "Contract Administration Dispute Resolution- Show Cause Notice Sample" and a small icon of a tablet with three green dots. A vertical green bar on the left contains the text "December 2015", "Slide 97", and "State Purchasing Division". The main content area has a light green background and contains the following text:

When issuing a termination letter be sure that it is on your government entity letterhead. Below is an example of information to include.

"Pursuant to clause No. ____, **Termination**, this contract is hereby **terminated** immediately. You are directed to immediately stop all work, **terminate** subcontracts, cease in delivering goods or equipment and accept no further orders. In accordance with this Notice of **Termination**, you must:

1. Keep adequate records of your compliance with this notice, including the extent of completion on the date of this **Termination**;
2. Immediately notify all subcontractors and suppliers, if any, of this Notice of **Termination**;
3. Notify the (government entity) contract administrator, (Name), of any and all matters that may be adversely affected by this **termination**; and
4. Take any other action required by the (government entity) contract administrator to expedite this **termination**".

"Since you have failed to perform Contract No. _____ within the time required by its terms [or **cure** the conditions endangering performance under Contract No. _____ as described to you in the (state entity's) **letter** of _____], the [state entity] is considering terminating the contract under the provisions for default of this contract. Pending a final decision in this matter, it will be necessary to determine whether your failure to perform arose from causes beyond your control and without fault or negligence on your part. Accordingly, you are given the opportunity to present, in writing, any facts bearing on the question to [name and address of contract administrator] within 10 days after receipt of this notice. Your failure to present any excuses within this time may be considered as an admission that none exist. Any assistance given to you on this contract or any acceptance by the [state entity] of delinquent goods or services will be solely for the purpose of mitigating damages, and it is not the intention of the [state entity] to condone any delinquency or to waive any rights the [state entity] has under the contract".



December 2015


Slide 99

State Purchasing Division

Stage 7: Contract Administration Amendments

Part of Monitoring a Contract is seeing where the periodic “disconnects” occur, and determining if there needs to be a formal change to the contract terms.

- A formal change to a contract is called an Amendment
- It is preceded by a Change Request
- It is negotiated and approved by all parties before the change is enacted
- It is not legally binding if it has not been amended into the contract
- It may require approval of State Purchasing prior to initiation or completion



Changes are a part of the Contracting Process. When there is a change to deliverables, timeframes, payments, market indices, or funding, an amendment must be put in place. Amendments are formal changes, and are numbered sequentially throughout the contract.

December 2015

Slide 100

State Purchasing Division

Stage 7: Contract Administration Amendments

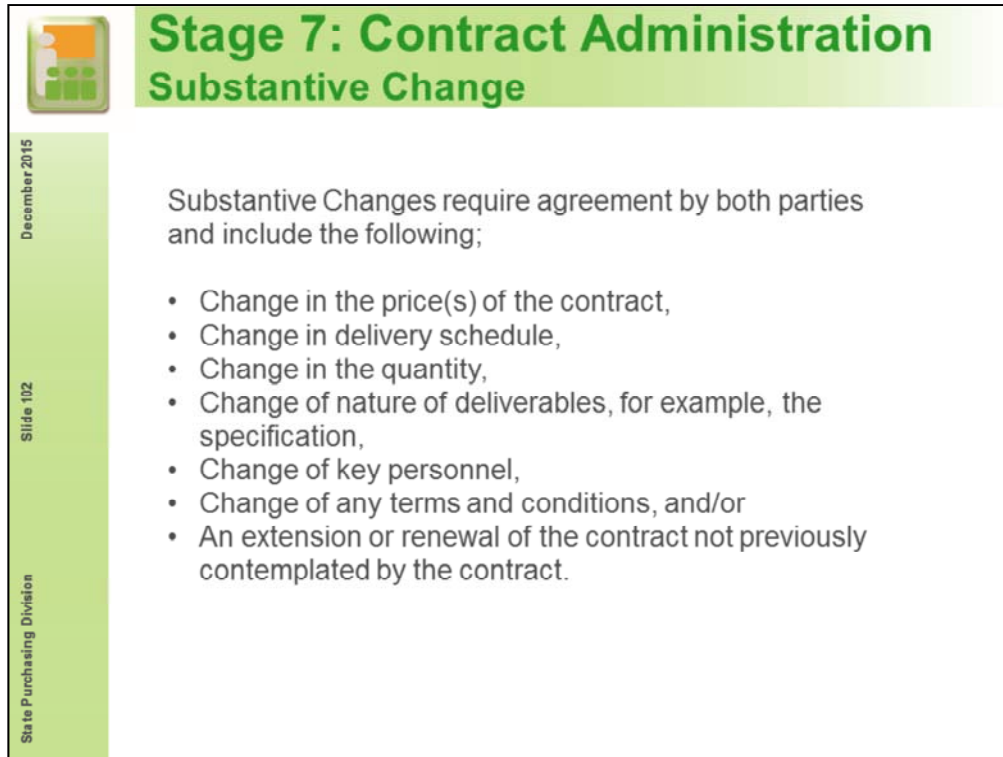
Types of Amendments:

- Administrative
- Substantive
- Renewals
- Extensions



NOTE: Numbering of Amendments is Sequential no matter what type of change is processed.

Changes are a part of the Contracting Process. When there is a change to deliverables, timeframes, payments, market indices, or funding, an amendment must be put in place. Amendments are formal changes, and are numbered sequentially throughout the contract.



The slide features a green header with the title "Stage 7: Contract Administration Substantive Change" and a small icon of a presentation screen. A vertical green sidebar on the left contains the text "December 2015", "Slide 102", and "State Purchasing Division". The main content area is white with a green border and contains a paragraph and a bulleted list.

Stage 7: Contract Administration Substantive Change

December 2015
Slide 102
State Purchasing Division

Substantive Changes require agreement by both parties and include the following;

- Change in the price(s) of the contract,
- Change in delivery schedule,
- Change in the quantity,
- Change of nature of deliverables, for example, the specification,
- Change of key personnel,
- Change of any terms and conditions, and/or
- An extension or renewal of the contract not previously contemplated by the contract.

Substantive change refers to a contract change that affects the rights of the parties. A *substantive change* to a contract must be processed through a bilateral amendment (i.e., a document signed by an authorized representative from both parties). GPM 7.6.1.2

Examples of substantive changes include, but are not limited to:

Change in the price(s) of the contract,

Change in delivery schedule,

Change in the quantity,

Change of nature of deliverables, for example, the specification,

Change of key personnel,

Change of any terms and conditions, and/or

An extension or renewal of the contract not previously contemplated by the contract.*


We will discuss Renewals and Extensions separately.

December 2015

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State Purchasing Division

Stage 7: Contract Administration Substantive Change




Substantive Change Rule:

- A change of more than 10% or 250,000.00 in the 12 month contracted period requires approval by the State Purchasing Deputy Commissioner

Note: Approval is required prior to execution of the amendment or initiating any work.

State entities are authorized to execute substantive changes to contracts provided the substantive change is within scope and that the combined total of such changes does not increase the overall cost of the contract by more than 10% or \$250,000.00 (whichever is less) within a twelve month period. Otherwise, the state entity must request and receive **SPD**'s approval prior to executing the contract amendment. Requests for approval must be submitted in writing via email to processimprovement@doas.ga.gov. Substantive changes may be processed using [SPD-CP013 Contract Amendment Template](#) or any other contract amendment approved by the state entity.



Stage 7: Contract Administration Amendments

December 2015

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State Purchasing Division

Scenario: The Supplier has not been able to complete Business Process Evaluation with the Field Offices because staff have been called away and asked for scheduled sessions to be moved. The Project Plan indicated that this work was to be completed by June 30. In the weekly meetings, they have documented this impact. The Program Manager realizes that Fiscal Year Close Out is impacting the outcome and asks the Supplier to provide a Change Request.

- What must be in the Change Request?
- Why is this important?
- What will change?

Changes are a part of the Contracting Process. When there is a change to deliverables, timeframes, payments, market indices, or funding, an amendment must be put in place. Amendments are formal changes, and are numbered sequentially throughout the contract.

Please review the scenario and look at the questions.



The slide features a green header with the title "Stage 7: Contract Administration Amendments" and a small icon of a tablet with three green circles. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 105", and "State Purchasing Division". The main content area is white and contains the question "What must be in the Change Request?" followed by a bulleted list of requirements.

Stage 7: Contract Administration Amendments

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State Purchasing Division

What must be in the Change Request?

- Effective Date
- Referenced Original Item to be replaced/modified
- Cost associated with the Change
- Supporting documentation (Hours, Materials, etc.)
- Any additional deliverables or requirements
- State Entity Responsibilities
- Supplier Responsibilities
- Signature Line and Date for the State
- Signature Line and Date for the Supplier
- Signature Line and Date for the Contract Administrator

A contract is a mutually agreed upon agreement. Therefore any change must be mutually agreed, and you will want the Contract Administrator to also sign and understand what is to be amended into the contract. A good tool in solicitations is to lock in pricing with your cost proposal on an hourly basis for any changes to the solicitation. As an example, a Project Manager is bid at \$185 per hour. If your cost proposal has locked in this rate, then on any change orders his time can only be billed at \$185 per hour. If you have not locked in a rate, they can submit a cost of \$225 per hour. You should also note if there are any changes or additional responsibilities for the State Entity. Changes should be approached with the mindset of clearly understanding all impacts and assessing all known and potential risks.



The slide features a green header with the title "Stage 7: Contract Administration Amendments" and a small icon of a tablet with three green circles. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 106", and "State Purchasing Division". The main content area is white and contains two sections: "Why is this important?" with a bulleted list of four items, and "What will change?" with a bulleted list of seven items.

Stage 7: Contract Administration Amendments

December 2015
Slide 106
State Purchasing Division

Why is this important?

- Documentation
- Performance Monitoring
- Invoicing
- Accuracy

What will change?

- Terms and Conditions of the Contract
- Scope of Services and Delivery Dates
- Cost associated with the Project
- Bonding and Insurance Requirements*
- Deliverables and requirements
- State Entity Responsibilities
- Supplier Responsibilities

Change Requests are important in managing expectations. You must have the documentation as to what is changing to effectively monitor performance, to pay invoices correctly, and to be accurate in both your expectations, and the received deliverables.


Many things may change when the Amendment is processed. Please note the asterisk for Bonding and Insurance Requirements. If additional costs have been added into the contract and the Bond/Insurance is tied to the total value of the award, then not later than the next renewal, this increase must be reflected in the bond/insurance amounts.

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State Purchasing Division

Stage 7: Contract Administration Amendments



What can't be changed?

- Adding additional services and programs that were not part of the original solicitation
- Modification of Invoicing to provide the Supplier more cash flow without receipt of work products
- Skill sets of Personnel required for the Contract
- Bonding and Insurance Requirements*

Many entities develop a strong working relationship with the Supplier and wish to continue using the firm since they already are familiar with you. Because the market is ever changing and new options are available, and because government requires fair and open access to bidding opportunities, you cannot add items that were not in the original scope of services to your contract.

You may not modify invoicing and payment to provide increased cash flow to the Supplier, however, if you want to modify the payment schedule based on revised deliverables (a situation where you will be paying for an actual service or product), that is permissible. A word of caution – make sure that there is a good reason for this change, and that the products received will be of value to you should the company experience further difficulty and/or default.

The Skill Sets of the Personnel required for the Contract should not change. Often a Project Manager is reassigned to another project by the company and a replacement must be named. Your solicitation should already have language in the contract referencing that any personnel replaced must have, at a minimum, the same skill sets posted in the RFP. This ensures that you have someone who should be equally qualified to step in to your project.

Bonding and Insurance – notice that there is an asterisk on this item. You cannot remove a Performance Bond or Insurance requirements that are core to the solicitation and the protection of the entity to relieve the cost to the Supplier. In fact, Performance Bonds are in place to provide full restitution should the end product not meet specifications.

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State Purchasing Division

Stage 7: Contract Administration Amendments

How does this work?

Until a change has been formally amended into the contract with all signatures received, no work related to the Change Order should be started.

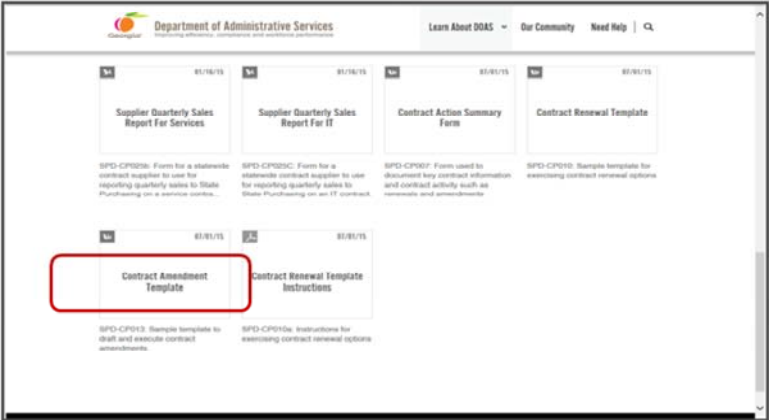
The Supplier proposes the Change Order Request. It is sent to the Program Manager/ Project Manager for review. The Program/Project Manager analyzes costs, materials, scheduling, etc. and returns to the Supplier with questions for further clarification, budget issues, etc. Once the Supplier has refined their proposed change, it is again submitted to the Program Manager so that it may be shared with the Contract Administrator and be amended formally into the contract.

Stage 7: Contract Administration Amendment Tools

December 2015

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State Purchasing Division



The screenshot displays the Department of Administrative Services website with several form cards. The 'Contract Amendment Template' card is highlighted with a red rectangular box. The website header includes the logo and navigation links: 'Learn About OAS', 'Our Community', and 'Need Help | Q'. The form cards include: 'Supplier Quarterly Sales Report For Services', 'Supplier Quarterly Sales Report For IT', 'Contract Action Summary Form', 'Contract Renewal Template', 'Contract Amendment Template', and 'Contract Renewal Template Instructions'. Each card includes a small icon, a date (01/01/15), and a brief description of the form's purpose.

The tool that we use for creating Amendments is SPD-CPO13. The appropriate language for incorporation into the contract and signature requirements are already on the form.

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State Purchasing Division


Stage 7: Contract Administration Amendment Tools

Contract Administrator
Completes this information

Contract Administrator
Completes this information

These are the only areas
that the Contract
Administrator will modify.

Because the form is already prepared, you will enter a high level description of the change, any accompanying Change Order, and a cross reference to the documents attached.




Stage 7: Contract Administration

Amendment Tools

December 2015

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State Purchasing Division



CONTRACT AMENDMENT

This amendment by and between the Contractor and State Entity defined below shall be effective as of the date this Amendment is fully executed.

STATE OF GEORGIA CONTRACT	
State Entity's Name:	Department of Public Outreach
Contractor's Full Legal Name:	Creative Outlets, Inc.
Contract No.:	99999-8675309
Solicitation No./Event ID:	99999-0000066
Solicitation Title/Event Name:	Marketing Services
Contract Award Date:	July 1, 2014
Current Contract Term:	July 1 2015 – June 30, 2016
Amendment No.:	2

WHEREAS, the Contract is in effect through the Current Contract Term as defined above; and
 NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Amend the existing contract as per the attached Change Order Request, 8675309-001. Modify the Go Live Date from July 1, 2015 to September 1, 2015.

Here is an example of a completed Contract Amendment. Notice that the form includes an Amendment Number. This is important in ensuring that the numbering of all Change Order Requests and Amendments is consistent. This form is used when there are changes to the terms and conditions in the contract. NOTE: It is best not to “overload” the amendment process. If you have more than 3 Change Order Requests or Specifications that must be changed, try and consolidate them by area of change needed to ensure that your documentation trail remains clean. As an example, you have three staff changes on your team and the delivery of training is being segmented into four new groupings. You should process the first amendment with the staffing changes, and then process the training changes as a separate amendment.

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State Purchasing Division

Stage 7: Contract Administration Amendment Processing

Final Processing Steps:

1. Route to Supplier for Signature
2. Sign internally to execute
3. Send copy to Supplier and Program Manager
4. Maintain Original in Contract File
5. Scanned copy to your desktop file
6. Update in PeopleSoft
7. Update the Contract Action Summary Form SPD-CP007



After drafting the Amendment, there are additional steps that you must take.

Obtain the Supplier and the Entity Signatures to execute the amendment. Make a copy of the signed document and provide a copy to the Supplier and scan a copy to your Amendments subfolder in your desktop repository. You will need to upload a copy to your PeopleSoft/electronic purchasing system to ensure amendment numbering remains consistent, and update your Contract Action Summary Form accordingly.

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State Purchasing Division

Stage 7: Contract Administration Amendment Numbering

Amendment(s)*:

Amendment Number: <u>1</u>	Effective Date: 8/1/14
Brief Description: Modified Project Plan Due Date to 10/15/14	
Amendment Number: <u>2</u>	Effective Date: 12/1/14
Brief Description: Supplier has moved to new address - Administrative Change	
Amendment Number: <u>3</u>	Effective Date: 7/1/15
Brief Description: Renewal 1 of 4 processed	

**Amendments continue on subsequent pages*

Revised: 7/1/15

SPD-CP007

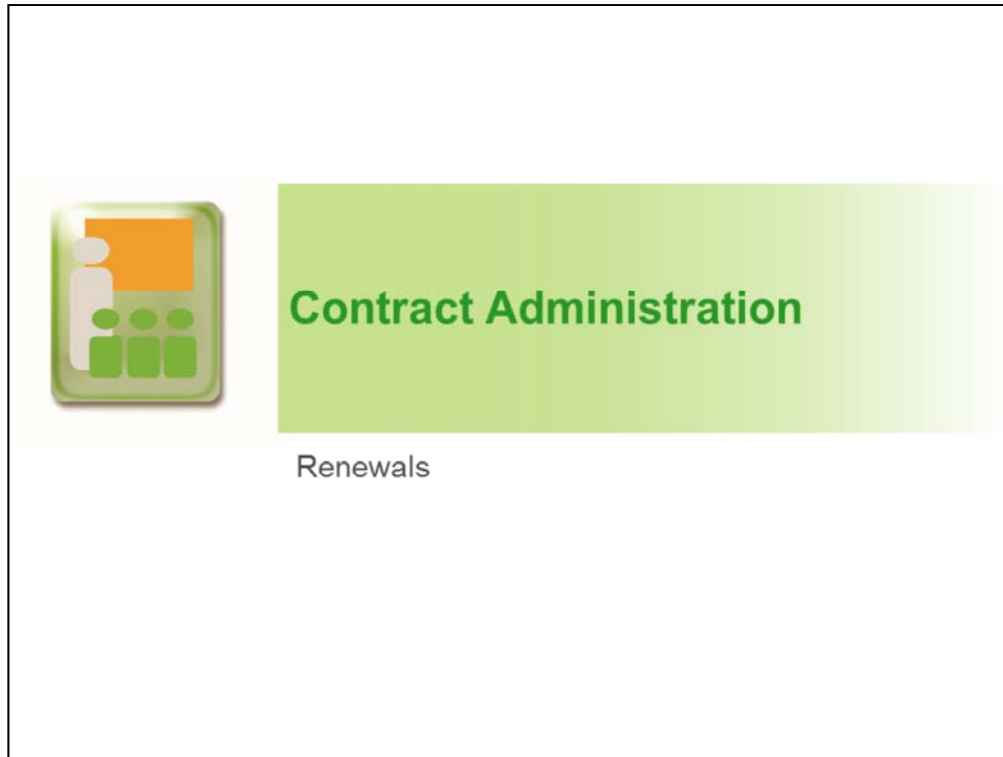
Numbering of ALL Amendments is Sequential

Numbering of Amendments is sequential regardless of the type of Amendment. Amendments are tracked on the Contract Summary form.

In this example, we

- modified the Final Project Plan Deliverable Date (Amendment 1)
- Processed an Address Change (Amendment 2)
- Processed the Renewal (Amendment 3)*

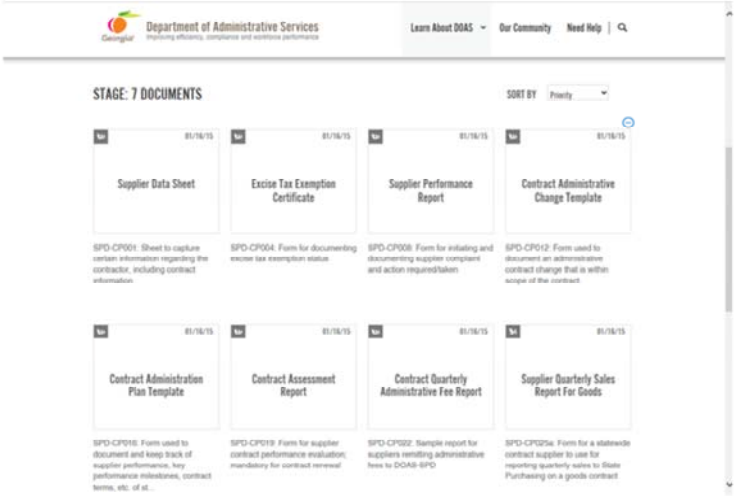
*The Renewal Amendment Form also has a place to track Renewal or Extension number. The form will show Renewal 1, Amendment 3.



Another type of contract substantive change is a renewal. In the initial contract terms, the number of renewals are stipulated. Typically State contracts are for the first year and up to four renewals. There are some important steps in the renewal process and some warnings for you as well.

Contract Process Renewals

The *Renewal Documents* can be found on the DOAS website. Several forms are used to document performance, amend the contract, and document any necessary changes.



The screenshot displays the 'STAGE: 7 DOCUMENTS' section of the Department of Administrative Services (DOAS) website. The page features a grid of eight document cards, each with a title, a date (01/16/15), and a brief description. The documents are: Supplier Data Sheet (SPD-CP001), Excise Tax Exemption Certificate (SPD-CP004), Supplier Performance Report (SPD-CP008), Contract Administrative Change Template (SPD-CP012), Contract Administration Plan Template (SPD-CP016), Contract Assessment Report (SPD-CP019), Contract Quarterly Administrative Fee Report (SPD-CP022), and Supplier Quarterly Sales Report For Goods (SPD-CP026). The website header includes the DOAS logo and navigation links for 'Learn About DOAS', 'Our Community', and 'Need Help'. A search bar is also visible.

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State Purchasing Division

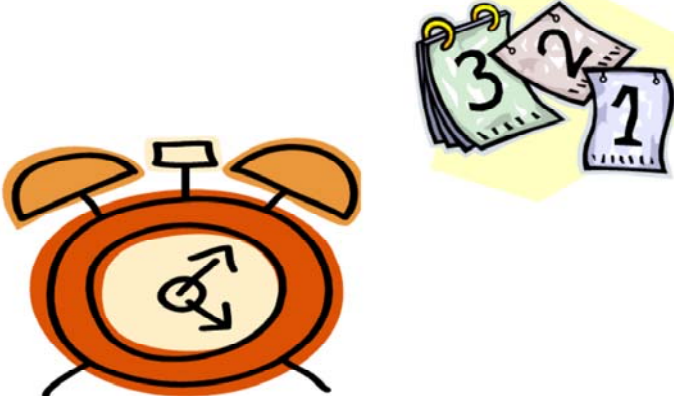
The forms are located in Stage 7. By and large the majority of these forms will be completed by the Contract Administrator, however the Contract Assessment Report will be completed by the Program Manager as well.

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State Purchasing Division

Stage 7: Contract Administration Renewals



Note: A contract that expires June 30, 20XX cannot have a renewal executed on July 1, 20XX. The renewal must be executed prior to the termination of the contract with the correct effective date of July 1, 20XX to be valid.

The renewal process begins **90 days** out from the end of the current term with the Supplier being contacted about their interest in renewing the contract. If your contract has provisions for pricing adjustments these are handled at this time. Pricing Adjustments should reference appropriate indices. If your contract did not allow for pricing adjustments you are not required to entertain them.

Renewals **MUST** be executed before the expiration date. Once that date has passed the contract is no longer active and cannot be “re-opened”. For that reason, please ensure that you have allotted ample time to get all materials negotiated and signatures in place.

In the event that you are still in discussion with the Supplier on Contractual Terms (i.e. pricing changes) during the Renewal Process, be sure to go ahead and process the renewal to keep the contract “open” and follow with the pricing amendment as the follow on activity.




The slide features a green header with the title "Stage 7: Contract Administration Renewals" and a small icon of a folder with documents. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 117", and "State Purchasing Division". The main content area is white and contains a bulleted list of items that must be in a renewal packet.

Stage 7: Contract Administration Renewals

- What must be in the Renewal Packet?
 - Certification of the Supplier that they intend to renew at the existing terms
 - Tax Compliance and Immigration Verification Forms
 - Contract Assessment Report
 - Documentation of any substantiated Pricing Adjustment
 - Receipt of any additional insurance or bonding documents for increases to project costs
 - Signed Agreement between all parties before the expiration date.

Any changes or necessary amendments are documented, change requests presented, and a final renewal package is generated based on the mutually agreed upon terms.

Please remember however that a renewal is an award of new money for the new fiscal year, and is accompanied by the requirement to re-establish Tax and Immigration Status Compliance, and to assess the Supplier's overall compliance with the terms of the contract. If you have processed any increases or change order amendments to the contract, at renewal you must ensure that the original terms for bonding and insurance have been increased accordingly if applicable.

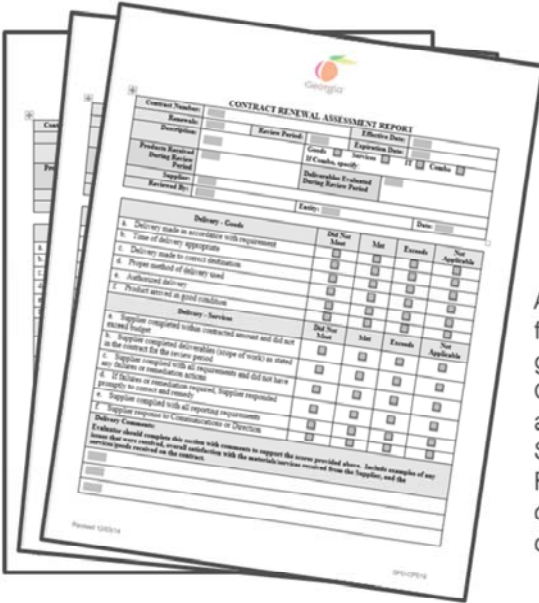


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Slide 118

State Purchasing Division

Stage 7: Contract Administration Renewals



Assessment Reports from End Users are gathered by the Contract Administrator and included with the Supplier Performance Reports in determining overall contract compliance.

Earlier we discussed the use of the Supplier Performance Report by the Contract Administrator noting positive and negative feedback and referenced a second form, the Contract Renewal Assessment Report SPD-CP019, which is completed by the Project/Program Manager, and perhaps other participating departments or entities for the project.

The End-User (which could be the Program Manager, Project Manager, Director, or field personnel), using a series of checks, documents the performance as Did Not Meet, Met, Exceeds, or Not/Applicable. Comments are provided to document service levels, and the form is signed by the user and returned. Once reviewed, the Contract Administrator evaluates along with their internal Supplier Performance Reports to determine overall satisfaction.

Any issues identified in the evaluation process should be addressed and any action plan developed prior to issuing the renewal.


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State Purchasing Division

Hands on Exercise: Renewals

1. Open the Renewal Packet.
2. Complete your Assessment and Recommendation for Processing of the Renewal.
3. Complete the Required Form(s) necessary to proceed.



The illustration shows a man in a white shirt and blue tie walking towards the right, carrying a very tall, narrow stack of papers. Several papers are flying out of the top of the stack, suggesting a large volume of documents. The background is a dark red color with a sunburst effect behind the stack of papers.

I'm distributing a Renewal Packet to you. Please look through the documentation, evaluate the supplier and then complete the necessary forms that would be needed for the Renewal Process.

You will have 25 minutes to complete the activity individually. Any issues identified in the evaluation process should be addressed and any action plan developed prior to issuing the renewal.

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State Purchasing Division

Hands on Exercise: Renewals

POLICY?
AMEND?
TIMELINE?
RENEW?
NEGOTIATE?
DON'T RENEW?
BUDGET?

What did you decide? (Use Whiteboard and indicate items that needed to be negotiated, discussed, amended, etc.)



Stage 7: Contract Administration Extensions


December 2015

Slide 122

State Purchasing Division

Extensions require agreement by both parties and are executed as a last resort as detailed below:

If the state entity's contract is as follows...	Then, the state entity may process contract extensions as follows...
Scenario One: The contract has no renewal options OR all renewal options have been exercised.	If the state entity must have a continuous source of supply, then the state entity may exercise a contract extension for no more than six months (if the supplier consents) provided the state entity has already posted a solicitation to resource the contract. If the state entity has not yet posted a solicitation or desires a longer contract extension, then the contract administrator must first request and receive permission from SPD by submitting a written request to processimprovement@doas.ga.gov .



Stage 7: Contract Administration Extensions

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State Purchasing Division

Extensions require agreement by both parties and are executed as a last resort as detailed below:

Table 7.6 Contract Extensions	
If the state entity's contract is as follows...	Then, the state entity may process contract extensions as follows...
Scenario Two: The contract has one or more renewal options remaining.	If the state entity determines it is best to forgo a one-year renewal option and only extend the contract for a shorter period of time, the state entity may extend the contract (if the supplier consents) without requesting SPD's consent. However, if the state entity later determines it will continue to renew the contract for the remaining contract renewals, then the state entity may do so provided the total contract term does not exceed the time period originally defined in the contract. Once the total contract term has elapsed, then Scenario One of this table is applicable.

In this example, you could decide at Renewal 1, that you anticipated getting all work completed in the next 6 months. If you elect to process an extension as opposed to a renewal with an “out” clause for notice of termination, you would list the Renewal as E1, Amendment 3. If at the end of five months you now realize it will take the full year to complete the work, you would create a subsequent Renewal listed as 1, Amendment 4. You would not extend the original extension, but revert to the original terms for the remaining periods and continue with sequential numbering of all amendments.



Contract Administration

Contract Closeout Activities



The slide features a green header with the title "Contract Administration Contract Closeout Activities" and a small icon of a tablet with three green circles. A vertical green sidebar on the left contains the text "December 2015", "Slide 128", and "State Purchasing Division". The main content area has a white background with a green border. It begins with a paragraph explaining the purpose of the closeout process, followed by a bulleted list of six conditions for contract completion.

Contract Administration Contract Closeout Activities

The purpose of the closeout process is to verify that both parties to the contract have fulfilled their contractual obligations and that there are no responsibilities remaining. A contract is completed when the following conditions are present:

- All goods, equipment or services received and accepted
- All reports delivered and accepted
- All administrative actions have been accomplished
- All government furnished equipment, material or intellectual property is returned
- Includes photo, data files, electronic information
- Final payment is made to the supplier

Finally, it is important to note the importance of having things well organized prior to conducting the solicitation. At Contract Closeout, the entity verifies all goods, equipment or services received and used at their own workstation(s) have been received and accessed without issue.

All reports delivered and accepted

All administrative actions have been accomplished

All state furnished equipment, material or intellectual property is returned. This includes any data files, electronic information, pictures (includes any photos generated by the supplier of State property)

Final payment is made to the supplier



Contract Administration

Contract Closeout-Program Management

The Program Manager or designee is responsible for contract closeout and must confirm that the following has occurred.

- All deliverables, including reports, have been delivered and accepted
- All government entity property, if any, has been returned
- Complete and file supplier performance evaluation with contract administrator
- Provide any appropriate material from the project manager's file for inclusion to the contract file, if appropriate
- Complete the Contract Action Summary Form showing Close Out Activities.



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State Purchasing Division

Contracting – it is not always complex, neither should it be something that goes unchecked for months at a time. Hopefully you have an understanding of both your role and the role of the Project Manager in effecting and monitoring contract performance, change processes, and day to day operations related to the contract. Please remember that additional assistance may always be received by contacting the Process Improvement Team and outlining any issues, or clarifications you are seeking!

The slide features a green header with the text "Course Summary" and a small icon of a calendar. On the left side, there is a vertical green bar containing the text "December 2015", "Slide 128", and "State Purchasing Division". The main content consists of six colorful sticky notes arranged in a 2x3 grid, each with a silver pushpin at the top. The topics on the sticky notes are: "Duties of the Contract Administrator" (light blue), "Change Orders & Amendments" (light green), "Routine functions of Contract Administration" (orange), "Contract Administration Plan" (light yellow), "Roles of the Program Manager" (grey), and "Evaluation of the Supplier" (pink).

We have discussed all of these roles and responsibilities for effective Contract Administration. Happy Contracting!



Congratulate learners and leave them with a warm feeling and a sweet taste upon successfully completing the course.

Here is an idea: Prepare a real certificate in Microsoft Publisher or other program and save it as an Adobe PDF document. Then, provide a hyperlink on this slide that learners can click to open the PDF document. From the Adobe Acrobat window, they can print the certificate to their local printer.

Or ...

If learners log in to an LMS to access your course, then you may be able to pair that log-in information with the learner's name and dynamically insert the name into a placeholder in the certificate. You will need to talk with your LMS administrator department to see what is possible. Also, if your company uses Articulate Knowledge Portal, customized certificates with dynamic fields are a built-in feature.