



TEXAS TECH UNIVERSITY™

Operating Policy and Procedure

OP 72.04: Contract Administration

DATE: May 7, 2014

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to outline the contract administration procedures for Texas Tech University and Texas Tech University System contracts and to establish consistent guidance for managing performance and/or compliance with contract requirements throughout a contract's term. Contract administration has an essential role in the procurement process that helps ensure the university is obtaining the best value.

REVIEW: This OP will be reviewed in November of odd-numbered years by the managing director of Procurement Services with substantive revisions forwarded to the vice president for administration and finance and chief financial officer.

POLICY/PROCEDURE

1. Definition of Contract Administrator

The contract administrator (CA) is a customer of the procurement process and is typically a stakeholder within the department responsible for the contracted goods or services. The CA will be responsible for the proper implementation of all contract specifications. Ideally, the CA will be named prior to the beginning of the procurement process and be involved in defining the scope of work. By participation in the creation of the contractual requirements, it helps the CA with later contract decisions concerning changes or disputes.

If the CA is not involved in the procurement process, the CA should familiarize him/herself with the history of the procurement, the contract, the nature of negotiations, the possibility of verbal promises outside of the contract document, and the vendor performance.

The CA ensures the contract is satisfactorily performed and the responsibilities of both parties are properly discharged. The CA is responsible for ensuring all contract provisions are adhered to and for coordinating all contract issues (e.g., renewals, amendments, and termination) as well as vendor performance problems with Procurement Services.

2. Definition of Contract Administration

The specific nature and extent of administration varies by contract but typically means ensuring quality of scope and performance, documenting nonperformance, facilitating resolution of problems, reporting to departmental management, and coordinating contract and legal issues with Procurement Services.

Factors that influence the level of contract administration include the type of contract, the subject matter, dollar amount, and the experience and commitment of the departmental personnel

involved. Contract administration starts with developing clear, concise, performance-based specifications for the work and by preparing a contract administration plan that allows stakeholders to effectively measure the vendor's performance throughout the life of the contract. The administration plan must also provide documentation regarding method, manner, and frequency of payment to be monitored.

3. Contract Administrator Responsibilities and Assignments

a. CA Responsibilities

- (1) Assist Procurement Services in developing the requirements or specifications of a desired contract;
- (2) Monitor the vendor's progress and performance pursuant to the terms of the contract;
- (3) Manage any university resources used in contract performance;
- (4) Authorize payments consistent with contract documents;
- (5) Exercise remedies, in conjunction with the Procurement Services Office, when a vendor's performance is deficient
- (6) Resolve minor disputes in a timely manner and coordinate correspondence with the Procurement Services office if necessary;
- (7) Document significant events or milestones; and
- (8) Maintain appropriate records as required by applicable record retention law or guidelines.

b. CA Assignments

(1) Construction

The CA for construction contracts is the assigned architectural, engineering, or grounds maintenance project manager for the construction project.

(2) Services

The CA for service contracts is the financial manager or his/her designee for the respective department purchasing the services. This individual shall have FOP authority or specific expertise in the services to qualify as a CA.

(3) Goods

The CA for contracts relating to the purchase of goods is the financial manager or his/her designee for the respective department purchasing the goods. This individual shall have FOP authority or specific expertise relating to the goods being purchased to qualify as a CA.

(4) Revenue Contracts

- (a) The CA for revenue contracts is the department head or a designee with expertise relating to the services being provided that are generating the revenue. The department head may designate a CA to oversee the contract; however, the department head will retain responsibility.
- (b) At the beginning of the contract term, Procurement Services will send a copy of the contract to Financial Services and Tax so that a receivable account can be set up.
- (c) All payments received should be forwarded by the CA to Accounts Receivable so they may be properly logged in and accounted for.

c. Additional Oversight

The CA may request additional assistance from Procurement Services for contract review and oversight.

4. **Monitoring**

a. Payment Reviews (duty of the CA)

Payment Review and Authorization—Payments shall be made in accordance with OP 72.11, *Payment of Purchase Orders*. Procurement Services must be notified of any discrepancies or disputes.

b. Random and Planned File Reviews

Contract Performance Reviews—On a random basis during the “closeout” of a contract, Procurement Services will conduct a review of the contract and will coordinate with the CA. Such reviews, at a minimum, will seek to ensure:

- (1) The vendor’s performance complies with the terms, conditions, and requirements of the contract; and
- (2) The university’s compliance with the terms, conditions, and requirements of the contract.

c. Vendor Performance Form

- (1) A *Vendor Performance Form* (VPF) must be submitted by the CA prior to closeout. Unexpended funds will not be released until Procurement Services receives the completed VPF. A copy of the audit and documentation of any action taken, if applicable, will be documented and forwarded to the vendor.
- (2) A VPF will not be required on the following contracts:
 - (a) Contracts with a value less than \$100,000;
 - (b) Publishing contracts;

- (c) Hotel room and conference contracts;
- (d) Sponsorship contracts for the Department of Athletics;
- (e) Employment contracts;
- (f) Membership contracts;
- (g) Contracts for purchases from federal agencies;
- (h) Contracts with other state of Texas agencies;
- (i) Subscription contracts;
- (j) Contracts for lecturers and guest speakers;
- (k) Contracts related to research-related projects not overseen by Procurement Services; and
- (l) Construction projects not overseen by Procurement Services

5. **Contract Closeout**

Contract closeout begins when the contract has been physically complete; i.e., all services have been performed and products delivered. Closeout is completed when all administrative actions have been completed, all disputes settled, and final payments have been made. This process requires close coordination between Procurement Services, the Financial Services & Tax office, the CA, and the vendor.

[Attachment: Vendor/Contractor Performance Form](#)