OP 72.04: Contract Administration

DATE: June 8, 2021

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 the term of the contract. The contract administration process has an essential role in the procurement process and helps ensure the university is obtaining the best value.

REVIEW: This OP will be reviewed in November of odd-numbered years by the Chief Procurement Officer with substantive revisions forwarded to the Senior Vice President for Administration & Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Definition of Contract Manager

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

If the CM is not involved in the procurement process, the CM 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 CM ensures the contract is satisfactorily performed and the responsibilities of both parties are properly discharged. The CM 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 the quality of scope and performance, documenting nonperformance, facilitating the 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 goods or services.

3. **Contract Manager Responsibilities and Assignments**

   a. **CM Responsibilities**

      (1) Assist Procurement Services in developing the requirements or specifications of the 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. **CM Assignments**

      (1) **Construction**

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

      (2) **Services**

         The CM 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 CM.

      (3) **Goods**

         The CM 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 CM.

      (4) **Revenue Contracts**

         (a) The CM 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 CM to oversee the contract; however, the
department head will retain responsibility.

(b) All payments received must be forwarded by the CM to Accounts Receivable so
they may be properly logged in and accounted for.

c. Additional Oversight

The CM may request additional assistance from Procurement Services and/or other university
experts for contract review and oversight.

4. Monitoring

a. Payment Reviews (duty of the CM)

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 CM.
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

A Vendor Performance Form (VPF) should be submitted by the CM prior to closeout.

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, other relevant TTU administrative
offices, the CM, and the vendor.

Attachment: Vendor Performance Form