MONITORING PERFORMANCE

Monitoring the performance of the Contractor is a key function of proper Contract Administration. The purpose is to ensure that the Contractor is performing all duties in accordance with the Contract and for the Institution to be aware of and address any developing problems or issues.

Small dollar value or less complex Contracts normally require little, if any, monitoring. However, that does not preclude the possibility of more detailed monitoring if deemed necessary by the Institution. Conversely, large dollar Contracts may need little monitoring if the items or services purchased are not complex, and the Institution is comfortable with the Contractor's performance and the level of risk associated with the Contract. Construction contracts should follow the guidelines provided in XI of the Contract Management Handbook and any requirements in the Uniform General Conditions and Supplementary General Conditions.

DEPARTMENTAL RESPONSIBILITIES

Each Institution should define the monitoring responsibilities of the Institutional requesting department and the Procurement department. Examples include, but are not limited to:

1. ENHANCED CONTRACT AND PERFORMANCE MONITORING

Institutions are required to utilize an enhanced monitoring method for high dollar and high risk Contracts. Enhanced monitoring is an increased level of monitoring, beyond the regular monitoring normally used. Such increased monitoring may include, but is not limited to: frequency of site visits, provider meetings, and documentation requirements deemed necessary by the Institution to assess progress of the Contractor toward meeting the identified goals and outcomes established in response to assessments of unsatisfactory performance

In accordance with Texas Government Code, §§ 2261.253(c) and (d),

> (c) Each state agency by rule shall establish a procedure to identify each contract that requires enhanced contract or performance monitoring and submit information on the contract to the agency's governing body or, if the agency is not governed by a multimember governing body, the officer who governs the agency. The agency's contract management office or procurement director shall immediately notify the agency's governing body or governing official, as appropriate, of any serious issue or risk that is identified with respect to a contract monitored under this subsection.
> (d) This section does not apply to a memorandum of understanding, interagency contract, interlocal agreement, or contract for which there is not a cost.

2. INVOICE REVIEW

Payments should be reviewed by the Contract Administrator or his or her designee for compliance with the Contract pricing terms. Payment review shall include, but is not limited to:

1. The Contractor is billing only for Goods or Services received by an Institution;
2. The Goods or Services have been inspected and accepted;
3. The invoice is correct and complies with the pricing, terms and conditions of the Contract; and
4. The total payments do not exceed the Contract limits.

3. VENDOR PERFORMANCE EVALUATION

Vendor Performance Form: A form prepared by the Contract Administrator that reports satisfactory and unsatisfactory performance by a Contractor.

Upon completion or termination of a Contract, and as part of the close-out process, each Institution should develop thresholds and risk levels where the Contractor's performance is reviewed in accordance with the Institution's contract monitoring process and may report to the Comptroller using the Vendor Performance Tracking System VPTS in accordance with Texas Government Code § 2155.089 and § 2262.055.

An Institution may report Contractor's performance on any purchase of $25,000 or more including delegated purchases, TPASS Contracts, and Exempt Purchases. 34 TAC, Title 34, Part 1, Chapter 20, Subchapter C, Rule §20.108.

4. OTHER MONITORING METHODS

Institutions may establish other methods of monitoring Contracts. The Institution may develop and include a monitoring strategy in the Solicitation. The amount of monitoring should be balanced and adequate to meet the need, but limited in type, scope and frequency sufficient to achieve the desired result without unnecessarily increasing costs. Overly restrictive oversight can interfere with the Contractor's ability to accomplish the work and may unnecessarily and inadvertently increase the cost of the work.