



Office of
General Services

GOVBUY PROCUREMENT CONFERENCE

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NEW
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Office of
General Services

Best Practices in Contract Management

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Best Practices in Contract Management

Room A | 2:00 PM – 3:00 PM

PRESENTERS

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Learning Objectives

- Contract management as part of the overall “procurement” life cycle
- Strategies for fostering effective communication and cooperation among stakeholders
- Strategies for effective Contract Development & Administration
 - Contract Administration Plan (CAP)
 - Contract close out



Key Terms



Contract Management:

- Is the entire contracting process, from the pre-solicitation activities through contract closeout

Contract Administration:

- Is a component piece of contract management
- Includes all post-award administration activities through contract closeout
 - (I.e., contracting monitoring, managing changes, maintaining documents, addressing claims and disputes, etc.)



Contract Management

Typical Procurement Life Cycle



Contract Management

LEVELS OF CONTRACT MANAGEMENT INTENSITY



Small-dollar contracts will generally require less contract management than large-dollar ones.

One-time purchases of commercial commodities require less contract management than routine services. Contract duration for the latter is longer, and the contractor is often on site.

The purchase of noncommercial, special-order or nonroutine services requires more contract management than their routine counterparts.

The management of a contract awarded for a specific project and user agency requires user agency personnel working directly with the contractor, along with the procurement office that awarded the contract.

The central procurement office relies on end users alerting them about any problems with contractors for the contract management of indefinite quantity/delivery contracts, such as office supplies, temporary employment services, and travel services.

Contracts requiring performance and payments over time to provide an end product also require diligent contract management to ensure deliverables and service levels are met before payments are made.



Pre-Solicitation Activities



- Identify ALL stakeholders supporting the “process” (contract management)
- Address what type of contract is needed
- Contract administration team should be involved in the procurement from the development of the specifications to the closeout of the contract
- Factors in selecting a contract type:
 - Price competition; Price analysis; Cost analysis
 - Type and complexity of the requirement; Urgency of the requirement
 - Period of performance or length of production run

“Begin with the end in mind”



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Contract Development

Objective: All parties must understand the terms and conditions along with the expectations outlined in the resulting contract

3 essential principles when forming a contract:

1. Establish WHO does what
2. HOW the contracted supplier will be compensated
3. Who accepts what RISK (the terms and conditions)

A contract is not a signed copy of the of the proposal / bid



Contract Development



- Scope – clearly define tasks, deliverables and services
 - Performance standards – quality and performance criteria
- Terms and conditions – outline the legal obligations and rights of all parties
 - Termination clause
 - Dispute resolution
 - Venue & governing law
 - Liability & indemnity
 - Insurance
 - Audit rights
 - Payment
 - Definitions
 - Confidentiality
 - Warranty
 - Intellectual Property
 - Subcontracting
 - Duration
 - Amendment Procedures



Contract Administration

Steps in Contract Administration

1. Develop a contract administration team
2. Hold a kickoff meeting
3. Maintain the Contract file
4. Manage Contract Changes
5. Monitor contract performance and compliance
6. Resolve contract disputes
7. Perform Contract Closeout Activities

OK... so what now?



Contract Administration Plan (CAP)



- Provides contract administrators with a framework for fulfilling tasks and assessing outcomes
- CAP should be drafted concurrently with the development of the solicitation
- CAP may include:
 1. Names and roles of contract administration team members
 2. Justification of solicitation source selection method
 3. Scope of work or specifications that include deliverables
 4. Contract goals
 5. Pricing structure for contract
 6. Delivery terms and requirements
 7. Key contract terms and conditions
 8. Contracting monitoring methods
 9. How performance will be measured and accepted
 10. Milestones for measurement
 - Deliverables
 11. Payment terms
 12. Reporting method and frequency
 13. Required documentation



Steps in Contract Administration

1. Develop a contract administration team
2. Hold a kickoff meeting
 - Critical for high-risk or complex contracts
3. Maintain the Contract file
 - Pre-award documents
 - Post award to contract close out documents (contract administration files)



Maintain the Contract Files

Pre-award documents

- Solicitation document
- All responses to bids or proposals
- Copy of the contract, including all attachments and amendments

Post-award to contract closeout documents (contract administration files)

- Copies of all correspondence with the contracted supplier
- Notes from all meetings and oral communications
- Documentation of performance issues/complaints, cure letters 5
- Contract amendments
- Documentation of deliverables
- Payment records



Steps in Contract Administration (cont.)

4. Manage Contract Changes

- Only changes within the original contract's general scope should be accepted
- Changes should be in accordance with the terms of the contract
- Only changes that are due to legitimate unforeseen circumstances should be allowed

A written determination should be required before amending a contract

- Amendments
- Change order
- Scope adjustment
- Extensions
- Renewal
- Termination
- Etc.



Steps in Contract Administration (cont.)

5. Monitor contract performance and compliance
 - Contract progress meetings
 - Service Level Agreements
 - Defines performance expectations
 - Quality assurance program (QAP)
6. Resolve contract disputes
 - Contract may include dispute resolution procedures



Steps in Contract Administration (cont.)

7. Perform Contract Closeout Activities

- Any outstanding issues should be resolved before public entity remits final payment to the supplier
- Consolidate documents into one official contract file
- Disposing of state property
 - State surplus

8. Resolve contract disputes

- Contract may include dispute resolution procedures



Contract Closeout Checklist Suggestions

- All contractual obligations are completed
- All invoices, with the exception of the final, are submitted and paid
- All testing reports are received and analyzed
- All inspections are completed and accepted
- Any government-furnished property is returned
- The contractor has closed any subcontracts that may exist
- Classified materials, security badges and keys are returned and are accounted for
- All parties agree that no claims, issues, or unresolved matters exist on the contract
- All required contract audits are completed
- An out-brief with the contractor's personnel and management has occurred
- Contractor performance evaluation is completed
- All warranties or other final deliverables are obtained
- Punch list items are completed
- Certificates of substantial completion or final completion are obtained
- Other administrative or contractual requirements are met.



Exercise – Contract Development

Scenario – *Interpreting & Document Translation*

- Proposal / Bid
- Contract

Discussion Questions

1. What does the contract do well?
2. What's missing from the contract?
3. How much is the contract in alignment with the proposal?
4. What tasks or measures would you monitor during contract term?



Key Takeaways

- Contract management and contract administration are essential pieces of the procurement process requiring regular oversight and attention
- Contract administration plans provide a framework for public procurement officials to properly monitor the progress of a project
- Quality assurance programs provide extra protection for public procurement officials when purchasing goods and services
- Contract closeout is critical to protecting agency interests





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Questions?