



Angelo State University
Operating Policy and Procedure

OP 30.03: Contract Administration

DATE: July 21, 2017

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to outline the contract administration process, except for Facilities Planning and Construction (FP&C) contracts and external sponsored programs. As such, effectively administering contracts is necessary for Angelo State University (ASU) to acquire the best value for contracted goods and services.

REVIEW: This OP will be reviewed in September every five years, or as needed, by the executive director of materials management, who is responsible for the Contracting Office, with recommended revisions forwarded through the vice president for finance and administration to the president by October 15.

POLICY/PROCEDURE

1. Definitions:

Contract: A legally binding written agreement executed between the System or an Institution and a third party in which the parties agree to perform in accordance with the obligations therein. Contracts include, but are not limited to: letter agreements, co-operative agreements, memorandums of understanding (MOU), Interagency Contracts, Interlocal Contracts, easements, licenses, leases, and Purchase Orders. Regents' Rules Chapter 07.

Contract Administration: Following the award of a Contract, the department level actions to oversee full compliance with all of the terms and conditions contained within a Contract.

Contract Administrator: The Contract Administrator is the department level individual responsible for adherence to all provisions contained within a Contract and for managing the performance of a Contract.

Contract Close-out: The process conducted at the completion of the Contract during which the Contract Administrator confirms and documents compliance with the terms and conditions of the Contract, final Deliverables are received, and outstanding payments are made.

Contract Management: The complete contracting process from Planning through Contract Administration and concluding with Contract Close-out.

Contractor: An individual or legal entity that has a Contract to provide Goods or Services to the System or any component Institution. For the purposes of this Handbook, Contractor is used interchangeably with the term "Vendor".

System: The Texas Tech University System and its component Institutions.

2. Contracting Office Responsibilities

The Contracting Office is charged with the contract management responsibilities as outlined in [OP 30.01 Contracting Policy and Procedures](#) and the [TTUS Contract Management Handbook](#).

3. Department Contract Administration Responsibilities

Financial managers of expenditure or revenue contracts or assigned designee are responsible for performing contract administration responsibilities to ensure compliance with terms and conditions of contracts. A good Contract Administrator (CA) monitors that Contract requirements are satisfied, that Goods or Services are delivered in a timely manner, and that financial interests of the Institution are protected.

Contract Administrators must have sufficient knowledge of contracting principles as it relates to their responsibilities in managing the Contract. It is the Contractor's responsibility to perform and meet the requirements of the Contract. To do so, Contractors need technical direction and approval from a Contract Administrator, provided in a timely and effective manner. All guidance provided to a Contractor must be within the scope of the Contract. All variances shall be clearly defined in the Specifications.

- a. The primary post-award responsibilities of the CA include, but are not limited to:
 - (1) Completing a *New Organization Request form* (Attachment A), if a contract requires creating a new revenue or expense account.
 - (2) Serving as the point of contact for disseminating instructions regarding the SOW to the Contractor.
 - (3) Establishing scope of authority, clear lines of communication and reporting, and specific individuals who will interact directly with a Contractor.
 - (4) Managing Institutional assets used in Contract performance.
 - (5) Providing access to Institution facilities, equipment, data, personnel, materials, and information.
 - (6) Identifying, documenting, and resolving minor disputes with a Contractor in a timely manner.
 - (7) Implementing a quality control and assurance process.
 - (8) Maintaining appropriate documentation as required by the applicable retention guidelines.
 - (9) Documenting significant events including deficiencies, Deliverables, and milestones.
 - (10) Monitoring the Contractor's progress and performance to confirm Goods or Services conform to the Contract requirements.

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- (11) Inspecting and approving the final Goods or Services received and providing documentation of acceptance to a Contract Manager.
- (12) Monitoring budgets to verify sufficient funds are available for the duration of the Contract.
- (13) Monitoring default terms and conditions in the Contract.
- (14) Authorizing payments consistent with the Contract documents and in accordance with Institutional Operating Policies and Procedures.
- (15) Validating contract revenue, such as commissions and incentives.
- (16) Performing the Contract Close-out responsibilities.

b. Contract Administrators are not authorized to:

- (1) Instruct a Contractor to start work prior to a fully executed Contract and receipt of any required bonds and insurance or other requirements.
- (2) Alter the scope or terms of the Contract without a formal Contract Amendment processed through the Purchasing Office or Contracting Office.
- (3) Approve changes to the HUB Subcontracting Plan or approve substitutions or additions of Subcontractors without written approval from the Purchasing Office or Contracting Office.
- (4) Extend the term of the Contract without execution of formal Contract Amendment processed through the Purchasing Office or Contracting Office.
- (5) Allow the Contractor to incur any obligations outside of the scope of the Contract.

4. Methodology of Monitoring

a. CA Review Duties

- (1) Payment Review and Authorization
 - (a) All requests for payments (e.g., invoices) will be reviewed and authorized by the appropriate CA prior to payment.
 - (b) If requests for payment submittals are not in compliance with the terms of the contract/agreement and/or the contractor has not performed in accordance with the terms, conditions, or requirements of the contract/agreement, the CA must notify the contractor and the Contracting Office within ten days of the payment due date. The Contracting Office will assist the CA in discussing with the contractor reasons for non-payment.
- (2) The CA shall document all non-compliant performance by the contractor and submit the documentation to the Contracting Office immediately.

b. Random and Planned File Reviews

Contract performance reviews: The CA shall conduct a review of the contract.

Such reviews, at a minimum, will seek to ensure the following:

- (1) The contractor is in compliance with the terms, conditions, and requirements of the contract.
- (2) ASU is in compliance with the terms, conditions, and requirements of the contract.
- (3) Purchase orders issued under the contract are in compliance with the terms, conditions, and requirements of the contract, if applicable.
- (4) Payments are in compliance with the terms and conditions of the contract.

5. Contract Closeout

Contract closeout begins when the contract is complete with all services performed and products delivered. The closeout process is final when all administrative actions are completed, all disputes settled, and final payments are made. The process can be simple or complex depending on the contract type for cost-reimbursement contracts. This process requires close coordination between the Contracting Office, the CA, and the contractor. Contract closeout is an important aspect of contract administration.

Closeout File Contents (if applicable):

- a. Encumbrance documentation or purchase order
- b. Addenda
- c. Fully executed copy of contract (both parties' signatures)
- d. Submitted proposals
- e. RFP
- f. Best and final offers
- g. Proposal tabulation
- h. Appropriate justification
- i. Award recommendation
- j. HUB participation plans and supporting documentation (greater than \$100,000)
- k. Correspondence
- l. Vendor/Contract performance form

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m. Review reports

6. Database Management

The Contract Administration Office will maintain and update a current database for the purpose of contract information and monitoring.

Attachment A: [*New Organization Request Form*](#)