

Departmental Contract Administration

Responsible Officer: Chief Financial Officer and Vice President

Sponsoring Department: Procurement Services

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Errors or changes to: aim@uta.edu

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PROCEDURE OBJECTIVE

Procedure 4-7 provides guidelines for the departmental administration of all approved and significant contracts valued at \$50,000 or more, contracts that are below this amount but still deemed significant, and revenue-generating contracts that are deemed significant.

RATIONALE

UT Arlington contracts are administered in accordance with these and all other applicable laws and rules. UT Arlington staff involved in the contract administration process are expected to perform related tasks in a fiscally prudent and ethical manner. By monitoring the performance of the contractors, designated contract administrators ensure that the contractors are performing all duties in accordance with their contracts and address any developing problems or issues with corrective actions.

SCOPE

All UT Arlington departments who have significant contracts and designated contract administrators.

WEBSITE ADDRESS FOR THIS PROCEDURE

<http://www.uta.edu/policy/procedure/4-7>

RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS

UT System Administration Policies and Standards	Other Policies and Standards
UTS145, Processing of Contracts Regents' Rules and Regulations, Rule 10501, Delegation to Act on Behalf of Board	<i>Contract with Historically Underutilized Businesses (HUB) (Procedure 4-28)</i>

CONTACTS

If you have any questions about UT Arlington Procedure 4-7, *Departmental Contract Administration*, contact the following departments:

Subject	Office Name	Telephone Number	Email/URL
All topics in Procedure	Procurement Services	(817) 272-2194	procurement@uta.edu
Website access	Administrative Information Management	(817) 272-0222	aim@uta.edu http://www.uta.edu/aim

DEFINITIONS

N/A

RESPONSIBILITIES

Director of Procurement Services

- May sign contracts
- Controls access to the online contract registry

Contract Administrator Designated to Oversee Significant Departmental Contracts

- Provides general oversight and monitoring of significant departmental contracts
- Maintains contract file and critical documentation for departmental contracts
- Monitors contractor performance

- Manages and controls changes and evaluates their impact
- Posts non-purchase order contracts to the online registry
- Oversees contractor payments and receipt of revenue-generating royalties

Departments

- Protect the interests of the University
- Designate a contracts manager to oversee significant contracts

Director of Procurement

- Controls access to the online contract registry

Office of Business Affairs

- May review contracts requiring signature

Office of Procurement Services

- Provides training in contract management and oversight for contract administrators and other university staff who manage contracts that do not require purchase orders
- May review contracts requiring signature

President

- May sign contracts

Vice President for Business Affairs and Controller

- May sign contracts

Vice President for Administration and Campus Operations

- May sign contracts

PROCEDURES

Section I. Creating and Maintaining Contract Files and Support Documentation

- A. Contract files: the Contract Administrator should set up and maintain a file for each significant contract. The file should include the following common elements:
 1. Solicitation document, response evaluation, and notice of award

2. Contract, agreement, or lease and all modifications
 3. Specifications, drawings, manuals
 4. Copies of all reports required by the contract, e.g. sales reports, pricing schedules, approval requests, letters of approval, and inspection reports
 5. Schedule of compliance review and internal correspondence and meeting minutes, if applicable
 6. Invoice log, copy of all invoices and letters pertaining to contract deductions or fee adjustments, progress payments and applicable documents
 7. Record of vendor performance for contract deliverables, including promptness and accuracy of delivery, correct unit measures, problem resolution, e.g. damaged goods, etc., packaging, product quality, service performance, billing accuracy
 8. Record of royalties paid to the University per the revenue-generating agreement
 9. Documentation of problem resolution, e.g. notice to stop work, deficiency corrections, change orders, and notices to proceed
 10. Reference list of prior contracts with this specific vendor
 11. List of contractor submittal requirements
 12. List of university-furnished property or services
 13. List of all information furnished to the contractor
 14. Copy of the pre-award conference summary (if applicable)
 15. Originals of all contractor data or report submittals
 16. Certificates of insurance
 17. Workers' compensation
 18. Applicable bonding
 19. Disclosure statement for purchasing personnel
- B. Online Contract Registry for Non-Purchase Order Contracts
1. Non-purchase order contracts that are valued at \$50,000 or more or that are valued at less and deemed significant must be posted to the online [contract registry](#) by the contract administrators overseeing them.
 2. Changes to posted contracts on the registry should also be posted to provide current status.

3. Access to the online contract registry is controlled by the Director of Procurement Services and the Director of Procurement.

Section II. Monitoring Contractor Performance

Monitoring the performance of the contractor ensures that the contractor is performing all duties in accordance with the contract and allows the University to become aware of and address problems that arise.

- A. The contract administrator will design a monitoring program that includes the following elements:
 1. Focus on outcomes (deliverables) that result from the contract.
 2. Include follow-up to ensure that corrective action is taken in response to identified issues.
 3. Maintain documentation of all issues, follow-up, and corrective action.
- B. Revenue-generating contracts that are deemed significant are subject to additional monitoring:
 1. Revenue-generating contracts may be audited by the University during the term of the agreement up to four (4) years after the expiration of the term.
 2. The contract administrator or authorized representative(s) may accompany the contractor's employee(s) during cash collection and counting
 3. The contract administrator or authorized representative(s) may randomly examine the receipts of operations, if applicable.
- C. All required certificates of insurance, worker's compensation insurance, and performance bonds are collected, reviewed, and maintained.
 1. The contractor should not be authorized to proceed until the accuracy and authenticity of current and adequate certificates of insurance, worker's compensation insurance, and a performance bond if required, are received and verified.
 2. Renewal dates should be monitored.
- D. Unsatisfactory vendor performance should be reported to the Office of Procurement using *Vendor Performance Form* ([Form 4-10](#)).

Section III. Approving Payments

- A. Contractor payments should be reviewed with the following considerations and using measurable progress data. Costs incurred or invoices submitted are not sufficient

indicators of the contractor's progress if not accompanied by measurable progress data.

1. Reported costs should be in accordance with the contract rate schedule
 2. Invoice indicates:
 - a. The contractor's billing coincides with the contractor's progress
 - b. The goods or services have been received and accepted
 - c. The invoice is correct and complies with the terms and conditions of the contract
 3. The total payments do not exceed the contract limits
- B. Contractor payments should be withheld until a satisfactory explanation is received if the requested payment appears to exceed the contractor's progress.
1. If the contractor's explanation is not sufficient, it may be necessary to withhold payment from the contractor in order to protect the interests of the University. All related documentation should be retained in the contract files.
 2. If a requested payment appears to be appropriate or if a questioned payment is backed up with a sufficient explanation, payment must be made in accordance with the Texas Prompt Payment Law, which requires correct invoices be paid within 30 days from the date the correct invoice was received, or the goods/services received, whichever is the later.
- C. Revenue-generating royalties should be paid in accordance with the schedule stated in the agreement.
1. All royalty checks should be accompanied by a written report showing the royalty due and the dollar amount of sales.
 2. A summary showing all monthly and year-to-date sales by the contractor should also be included if applicable.

Section IV. Managing Changes

- A. Throughout the term of a contract it may become necessary to make changes to the contract. These changes can be minor administrative changes such as a change of address or they can be substantial changes that affect price and delivery. Failure to manage and control changes can result in an unintentional modification to the scope of work, extension of the schedule, increase in the contract cost, circumvention of management controls and diminished contractor accountability. An effective change management process might include:
1. Formal, written approval of all changes prior to the change taking place

2. Evaluation of the impact of each change to the contracting objective, the corresponding deliverable and/or products, the schedule, the cost and increase in agency overhead resulting from the change, the impact to work in progress/completed work, the standards, and the acceptance criteria
 3. A procedure for how "draws" against an available contingency allowance will be requested and approved
 4. Documentation of all changes, no matter how small, to prevent informal and undocumented changes
- B. The contract administrator should function as the single point of contact for change management and should:
1. Recommend or authorize all changes
 2. Provide a contract amendment documenting the impact on the scope of work for each approved change

Section V. Contract Management and Oversight Training

The Office of Procurement Services provides training in the area of contract management and contract oversight for contract administrators and for other university personnel who have contract administration responsibilities for contracts that do not require a purchase order.

FORMS AND TOOLS/ONLINE PROCESSES

- *Vendor Performance Form* ([Form 4-10](#))
- [Contract Registry](#)

APPENDICES

[Texas Prompt Payment Law](#)