



Office of State Procurement

Contract Administration Process

Agency Training



Background

- OSP met and compiled resources to help staff and agencies implement effective Contract Administration
- This is a general introduction – some info relates more to agencies; some more to OSP, but all of it is valuable
- Several webinar training classes to follow to explain Contract Administration goals and processes in greater detail



Agenda

- We will answer the 7 questions:
 - What is contract administration?
 - When does contract administration occur?
 - Who participates in contract administration?
 - Why is contract administration needed?
 - How should contract administration be implemented?
 - How much extra work will contract administration be?
 - Where can I go to get more information and resources?



Overall Contracting Process

- Identify need
- Review how Need is currently being sourced, if at all
- Research market opportunities – what is the solution?
- Develop clear and competitive specifications/SOW
- Issue solicitation
- Receive and evaluate vendor responses
- Award in accordance with the solicitation
- Sign contract
- Use the contract
- Close-out contract



OPPORTUNITY



Overall Contracting Process

- Signing the contract (sourcing) is often seen as the end rather than the beginning of the actual procurement.
 - Procurement means obtaining the goods and services, not just obtaining the contractual vehicle for doing so.
- Contract administration helps change this mindset.
- Question: Contract [X] for office supplies starts on 7/1/2015, renews on 7/1/2016 and 7/1/2017, and ends on 6/30/2018. How often does Contract [X] “happen”?

Answer: Everyday



What is Contract Administration?

- Contract administration occurs after a contract has been completed and taken effect. CA ensures that the terms and conditions contained within the contract are adhered to and that all of a party's contractual obligations are met satisfactorily.
- This is separate and apart from sourcing.
- Different groups use CA and CM interchangeably



When does CA occur?

- Primarily after contract has been executed and approved, but not exclusively.
- CA requires planning ahead during the drafting of the solicitation and contract to ensure that necessary tools, reporting mechanisms, etc., are provided for.
- What will be needed to make the contract work without controversy or confusion?



Contract Administration – What Do I Do Once the Contract Is Signed (and Approved)?



Contract Administration

- Includes the following:
 - contract monitoring,
 - managing changes to contracts,
 - maintaining contract-related documents,
 - addressing claims and disputes, and
 - contract closeout activities.
- Some CA best practices are already happening to varying degrees at different agencies and desks.



Contract Success

- Dependent on effective contract admin. processes
- A well-run contract administration program leads to:
 - improved accountability and performance,
 - lower operational costs, and
 - increased efficiency in delivering services to citizens





Is the process the same for all?

- The processes and activities involved in CA vary depending on the complexity of the good or service that is being procured.
- Some contracts will require more oversight than others.
- The amount of oversight is directly proportional to:
 - the complexity of the work being performed,
 - the outcomes and issues of prior similar contracts,
 - the risk involved, and
 - the amount of the contract.



Key Elements in the CA Process:

- Good communication and open dialogue with the vendor
- Knowing the risks associated with the contract and actively monitoring progress on deliverables
- Establishing meaningful performance metrics, knowing their significance, how to measure them accurately, and documenting the metrics at regular intervals (quarterly, annually)



Who participates in CA?

- Agency
 - Contract monitor/POC – coordinating with vendor
 - End users – providing feedback
 - Procurement liaisons – folding CA lessons into sourcing
- Vendor
 - Meeting timelines for deliverables without prompting
 - Resolving complaints without need for escalation
- OSP
 - Receiving and reviewing complaints
 - Dispute Resolution / Contract Controversies / etc.





Key Elements in the CA Process:

- Documenting any changes that may allow the contract to better serve the agency's needs when future solicitations occur – these can be either internal or external factors.
- Understanding that when issues arise regarding a contract, the Office of State Procurement is here to assist you – there are tools available to remedy controversies and/or deficiencies.



Why is CA needed?

- How many people have seen a low-performing contractor awarded additional contracts?
- How many people have heard (or shared) criticisms about a contract or contractor for which no Deficiency Complaints have been filed?
- How many people have seen a vendor and agency trip over each other and get frustrated because expectations/roles/responsibilities weren't clear?

This is why CA is needed



Contract Administration: Communication



Communication

- Throughout the lifespan of a contract, open communication is one of the most important aspects in a successful contracting experience.
- Open communication is critical in the relationships between the agency, the Contractor, and the Office of State Procurement.





Kick-off Meetings

- A great way to open the lines of communication between the agency and the vendor.
- Everyone involved will have a clear indication of what is expected from each party by starting the contract with:
 - a discussion on contract goals and objectives,
 - communication protocols,
 - contract terms and conditions,
 - delivery requirements; contract timeline; quality assurance plan, and
 - contract remedies and escalation processes.



How should CA be implemented?

- Gradually – not an overnight switch
- Consistently – build muscle memory
- Sustainably – start with mandatory pieces, then build outward and upward. Don't give the vendors or your personnel whiplash.



Templates

- Maintaining open communication throughout the contracting period should not be difficult or time consuming.
- No point in reinventing the wheel.
- In order to promote efficiency and ease of use, OSP is enhancing several of its current templates and creating new ones.
- These templates are useful process mile markers in documenting communication with contractors and OSP.
- If structural changes are needed, please contact OSP.



COMPLAINT FORM

Complete this form to report complaints against vendors, commodities, or to report any unsatisfactory service that requires the assistance of the Office of State Procurement. Be sure to furnish all necessary detail so that a satisfactory resolution of the complaint can be made. Please verify all information to ensure accuracy.

Agency:	<input type="text"/>	Vendor Name, Complete Address, and Email:	<input type="text"/>
Date of Complaint:	<input type="text"/>		<input type="text"/>
Contract Number:	<input type="text"/>		<input type="text"/>
Purchase Order Number:	<input type="text"/>		<input type="text"/>
Commodity or Service description:	<input type="text"/>		
Type:	<input type="checkbox"/> Purchasing <input type="checkbox"/> Professional Services		

NATURE OF COMPLAINT (check all that apply)

- | | |
|--|--|
| <input type="checkbox"/> Delivery | <input type="checkbox"/> Billing |
| <input type="checkbox"/> Services | <input type="checkbox"/> Customer Service |
| <input type="checkbox"/> Other (provide detail) | <input type="checkbox"/> Quality |
-

REMARKS

Provide a detailed explanation of the complaint(s) in this space. If it is necessary to submit additional documentation, please include the documentation in your email when submitting this form.



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Complete this form to report complaints against vendors, commodities, or to report any unsatisfactory service that requires the assistance of the Office of State Procurement. Be sure to furnish all necessary detail so that a satisfactory resolution of the complaint can be made. Please verify all information to ensure accuracy.

Agency:		Vendor Name, Complete Address, and Email:	
Date of Complaint:			
Contract Number:			
Purchase Order Number:			
Commodity or Service description:			
Type:	<input type="checkbox"/> Purchasing <input type="checkbox"/> Professional Services		

NATURE OF COMPLAINT (check all that apply)

Delivery

- Not delivered by due date
- Delivery made at an unsatisfactory hour
- Delivery made to wrong destination
- Improper method of delivery
- Unauthorized delivery made before issuance of order
- Delivered in damaged condition
- Delivered wrong item
- Incorrect quantity delivered

- Billing**
- Customer Service**
- Quality**



Continuous Improvement

- When the contract term is nearing expiration, not only is it important to document and communicate the things that have gone well with the contract, but it is also important to document and communicate the areas that need improvement and/or redirection.
- This information is vital to continuously improve the quality of the services received.





Contract Administration – Monitoring Progress



Now What?

- You have signed your contract.
- You've met with the vendor to review the details of the contract.
- Both parties are ready to begin work.
- How should progress on the contract's deliverables be monitored?





Contract Monitor

- This is the person responsible for ensuring the agency is receiving the goods and services in accordance with the contract.
- As the Contractor works on the deliverables, the contract monitor should be verifying progress regularly.
- This task can be streamlined by establishing meaningful performance indicators during negotiation of the contract.
- On a SW, the SPA is the Contract Monitor.





Performance Expectations

With a meaningful list of expectations that tell both parties exactly what is required and when it's required, the chances of a misunderstanding or disagreement are significantly reduced. So, what makes performance indicators meaningful? Performance indicators should be SMART:

- **S**pecific – avoid vagueness; don't rely on verbals
- **M**easurable – quantify success / failure?
- **A**ttainable – is 100.00% uptime realistic?
- **R**elevant – are we focused on key goals?
- **T**ime-Bound – when is compliance needed





Reporting

- Depending on the complexity of the goods/services, reporting on these indicators may be required (by the agency) monthly, quarterly, or annually.
- The more complex the project, the more frequently reporting is needed.



Reports = Options

- As the vendor reports are received by the contract monitor, they should be reviewed to verify progress and confirm that the vendor is operating in accordance with the contract.
- If everything is in order, a follow-up with the end user(s) stating such is appropriate.
- If there are problems identified, there are options for the agency to deal with the issues.





Contract Administration – Agency Options



Monitoring Performance Goals

Agency personnel responsible for administering the contract should monitor performance on a regular basis – not just when problems arise or when the contract is nearing expiration (or has expired).

In an ideal scenario, regular communication between the agency and the vendor will result in both parties having their questions/issues addressed timely. This joint approach will assist in accomplishing the project goals that were the intent of the contract.



Monitoring Performance Goals

As we all know, there are no guarantees.

This applies to CA as well.

What steps should be taken when performance is not ideal?

- Document the issues, including Who? What? When? Where? How?
- The agency should attempt to resolve the issue with the vendor directly.
- Reviewing the terms and conditions of the contract is a good place to start.
Is the proper course of action dictated in the Ts and Cs?





Monitoring Performance Goals

- What if direct communication with the vendor doesn't result in a workable resolution?
- It's time to bring the issue to OSP.
- Complete a Complaint Form (CF) and submit it to OSP.
- This will notify OSP of the nature of the problem and steps taken by the agency to try to resolve the matter.
- This marks the point where OSP engages in the resolution process.



Complaint Process

- Once OSP receives the CF, we will review the document and contact the agency for any additional information or clarification needed.
- Next, if warranted, a letter and a copy of the CF will be sent to the vendor.
- OSP will remind the vendor of the requirements of the contract, and request a response from the vendor regarding how the deficiency will be addressed, a proposed solution, and what will be done to prevent the same situation from reoccurring in the future.



Escalation

After gathering information from the agency and reaching out to the vendor, multiple outcomes are possible. Every situation is different.

The process can result in any of the following:

- Notice to Cure,
- Contract Controversy,
- Default of Contract,
- Contract Suspension, and
- Various other alternatives.





How much extra work is CA?

- Should be relatively minimal. Much is already happening, or should be.
- Poorly managed contracts will blow up. It's a matter of timing – when, not if.
- An investment in CA gradually over time will help to prevent flare-ups and flame-outs. Preventive maintenance.
- Also helps to avoid future pain for other agencies and employees



Where to go for resources?

- Procurement.LA.Gov -> Agency Center
- OSP resources available online / by email
- Future Training Classes





REMEMBER:

OSP is here to assist State Agencies with ensuring contract deliverables are received in accordance with the contract.





Office of State Procurement

Main Phone Number:

225-342-8010

Professional Contracts Helpdesk:

DOA-PCHelpdesk@la.gov

Purchasing Helpdesk:

DOA-OSPhelpdesk@la.gov