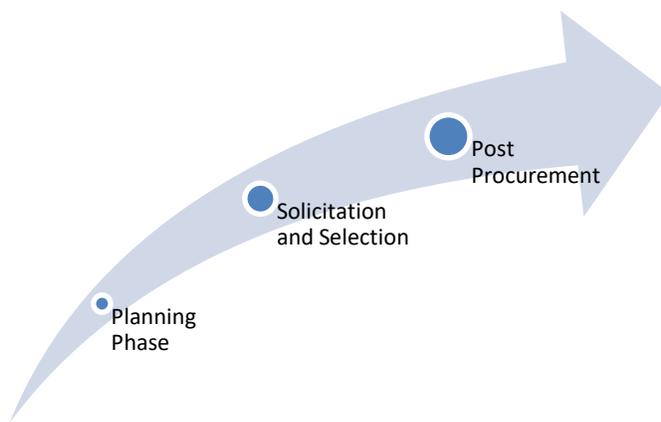


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## The Often Forgotten Phase - Contract Management

Contracts for goods and services can go south very quickly. The potential loss of both financial resources and staff time can have a significant impact on a school district. Often, school district financial officials may see that the contract has been awarded by the governing board, a purchase order has been issued and the thought may be, 'glad to be done with that!' Unfortunately, it is this thought process that often allows contracts to run off course. Contract management is a critical element of the procurement process.



Much effort goes into the Planning Phase including identifying the need for procurement, the identification of vendors to bid, and the defining of the scope of work. The Solicitation and Selection Phase involves the important work of evaluating the solicitation responses and awarding a contract. Once the contract is awarded is when the real work begins, the Post Procurement Phase. This includes the important function of contract management.

Contract management includes two important aspects – communication and performance. Contractor communication is a critical element

in implementing the contract. Setting performance standards, measuring performance and addressing non-performance early in the Post Procurement Phase is important for the success of the contract. These tasks will help ensure neither the district nor the contractor fall into a potential scope creep, when the services fall outside of the procured scope of work.

### Monitoring Responsibilities

Contract monitoring is the most essential duty during the Post Procurement Phase. Contract monitoring is the process by which the Contract Manager verifies the contractor's progress to ensure their performance meets the contract's performance standards. The role of the Contract Manager is often a shared responsibility between the procurement office and the department utilizing the contract. The procurement office is often responsible for the financial components of the monitoring and the department utilizing the contract is often responsible for the performance monitoring.

The district has the opportunity to monitor the contract in either a reactive or proactive method. By approaching the Post Procurement Phase in a proactive approach, the district can be involved in a more effective approach. The key responsibilities in this approach include the following:

- Verification of compliance with terms and conditions
- Ensure the district is getting what it pays for
- Tracking the overall fiscal responsibility
- Detect any non-compliance
- Problem resolution
- Corrective action
- Acceptable level of service

As a contract manager, it is essential to have effective strategies in place to ensure contracts are effectively monitored. The below listed questions and statements are concepts the district needs to consider during the Post Procurement Phase. Identified proven strategies are identified as a roadmap for the district to consider ensuring effective contract management.

**Monitor utilization of contract, is it being used at the level you had planned?**

Effective strategies include first and foremost reviewing the original planning documentation. Reviewing this documentation and comparing the actual utilization compared to the planned utilization will help identify if the level of service or quantity of goods is on target with the initial scope of work. Further, communicating with the end users to determine the long term needs can help identify if any further contract amendments may be necessary.

**Monitor terms and conditions, is the vendor fulfilling their requirements?**

Terms and Conditions...what does that include? The Terms and Conditions portion of the solicitation typically run 10 to 15 pages. Do we really monitor those conditions? What are the deliverables that we are expecting? The deliverables need to be monitored and evaluated against the districts' terms and conditions. If the solicitation called for a specific staffing allocation, it is critical that the district monitor the number of staff allocated to the project, the staffing levels, the qualifications of the staff and most importantly, any changes to these staffing levels made by the contractor. Another aspect to consider is the staffing qualifications and if specific personnel were promised during the solicitation. Contractors will have staffing turn over just as districts experience. However, staffing changes should require a contract amendment and the district should ensure the qualifications of the contract are being met.

Another important element of terms and conditions is the overall timeline for the project. The contract manager needs to ensure the agreed upon timeline for the project is being met. Monitoring the timeline includes not only the end date but the milestones during the duration of the project. Delay early often results in a delay in the final deliverable which could have a significant impact on the school system.

**Monitoring invoices, are the costs being billed consistent with the cost/pricing agreed upon in the contract?**

Invoicing is critical. Monitoring the invoices versus the contractual pricing is an important function of the contract manager. Invoices should be reviewed regularly to ensure the hourly product pricing matches the contract award. Often the accounts payable staff does not have the contract background to understand the variables that should be included on the invoices. To help ensure the accounts payable staff has the needed information to review invoices, a pricing sheet should be provided.

Another important factor to consider is the nature of a cooperative contract. Often districts issue a contract with cooperative language which allows other entities to utilize the contract. This language not only allows other entities to use the contract, but further, imposes a responsibility on the contract manager to ensure the cooperative entities have accurate pricing information.

**Monitor renewals, at time for renewal, verify with end users that they intend to continue to need the service/product, ensure you include the appropriate terms of renewal, price increase, time extensions.**

Effective documentation will make or break the ability to renew a contract. Vendor performance should be clearly documented to demonstrate the renewal is in the best interest of the district.

Contract files should be clearly organized within the three phases of procurement including the Planning Phase, the Solicitation Selection Phase and the Post Procurement Phase. The Post Procurement Phase of the file should include the contract renewals and board agenda items. As a contract manager, it is essential that a renewal timeline is established to include the board agenda approval timeline to ensure this important determination is not missed. Further, the contract manager needs to ensure any cooperative agencies are duly notified if the contract is not renewed to allow them ample time to initiate their Planning Phase of the project.

**Monitor quality of work, conduct evaluation on the quality of services provided. Are they meeting your expectations?**

Monitoring the quality of products and services often involves more than the contract manager, more specifically, the end users. A strategy to measure this is a simple survey of end users. If you have a custodial contract, ask your teachers how clean their classrooms are and they will be honest!

Communication logs are critical in determining the success of the quality of work. A communication log between the end users, the contractor and the contract manager is acute in identifying the responsiveness of the contractor.

The district needs to ensure it identifies any areas of improvement early, and often! The district needs to communicate clearly regarding its expectations. The district does have the right to establish a performance improvement plan; however holding the contractor accountable is essential to effective contract administration. The performance improvement plan needs to identify the standards not being

met, the expectations for meeting the standards, the measurement to be used to determine meeting such standards and most importantly, the expected timeline for compliance.

### **A few final thoughts**

The final step in the Post Procurement Phase that often blends with the Planning Phase is the re-solicitation determination. The district needs to determine if the future scope of work needs to be modified and identify if the range of services or products will increase or decrease. This is also an opportune time to identify if there were any problems in the past solicitation, terms and conditions or scope of work. Often the prior contract is now upwards of five years old, so the district needs to consider if there is new and improved equipment and technology that would allow the district to be more efficient. Finally, it doesn't hurt to ask the vendor for input on the contract administration! What issues and concerns did they have during the implementation over the past several years?

Effective contract management is a critical function of the school district. Implementing these strategies will not only ensure the district contract is effectively managed, but also ensure the district does not incur unnecessary costs or more so, a waste of staff time and energy.