

# Texas Higher Education Coordinating Board

## Contract Monitoring Policy & Procedures

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### Contract Administration

#### Contract Administrator's Responsibilities

- Participating in developing the solicitation and writing the draft documents. Contract administration must be considered during this process.
- Consulting with the Office of General Counsel to address any legal concerns and/or issues.
- During solicitation development determine if the contractor's compensation structure is appropriate for the work.
- Serving as the point of contact for disseminating the instructions regarding the work to the contractor.
- Performing the risk analysis in the first instance.
- Receiving and responding to communications between THECB and the contractor.
- Managing, approving, and documenting any changes to the contract.
- Managing any state property used in contract performance, e.g., computers, telephones, identification badges, etc.
- Identify and resolve disputes with contractor in a timely manner.
- Implementing a quality control/assurance process.
- Maintaining appropriate records.
- Documenting significant events.
- Monitoring the contractor's progress and performance to ensure goods and/or services conform to the contract requirements.
- Monitoring the budgeting/accounting process to ensure sufficient funds are available
- Verify accuracy of invoices and authorize payments consistent with the contract terms.
- Exercising state remedies, as appropriate, when a contractor's performance is deficient.
- Inspecting and approving the final product/services by submitting a written document accepting the deliverables.
- Performing contract closeout process ensuring the contract file contains all necessary contract documentation, formal acceptance documented, and document lessons learned.
- Reports to CPA re: contractor performance, if applicable, through Contract Management in office of General Counsel.

### Monitoring Policy

Monitoring the performance of the contractor is a key function of proper contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the contract administrator to be aware of and address any developing problems or issues.

Small dollar value or less complex contracts normally require little monitoring. However, that does not preclude the possibility of more detailed monitoring if deemed necessary by THECB. Conversely, large dollar contracts may need little monitoring if the items or services purchased are not complex, and THECB is comfortable with the contractor's performance and the level of risk associated with the contract.

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### Contract Monitoring

Review the statement of work and other contract terms, including contractor compliance requirements. All of these requirements are deliverables that the contractor agreed to when the contract was executed or the purchase order was issued. Design the monitoring program to focus on items that are most important. Generally, this means to focus the monitoring on the outcomes that result from the contract.

If the contract is a cost reimbursement contract wherein THECB pays for the contractor's cost plus a percentage of overhead and profit, contract administrator needs to consider the following monitoring reviews:

- Was the item billed really purchased by the contractor?
- Was the item billed used for the purpose of the contract?
- Was the item necessary and reasonable for the purpose of the contract?
- Was the item of the quality and quantity specified in the contract?
- Was the item duplicated in either overhead or profit?
- Was the item listed in the contractor's budget and approved by THECB?

These are items that should also be considered in any other type of contract.

### Monitoring Types

#### SITE VISITS

More complex contracts and contracts that the contract administrator perceives as having a higher degree of risk may require both reviews and visits to whenever the contractor is performing the work, including the contractor's facilities, to ensure progress is in accordance with the contract schedule. Site visits can be used to verify actual performance against scheduled or reported performance. These can ensure the contractor is dedicating sufficient resources and appropriate personnel to the contract. Site visits reinforce the importance of the contract from the agency's perspective to the contractor, as well as provide the opportunity to enhance communications with the contractor.

#### Desk Review

Typically these are reviews of reports submitted by the contractor to THECB. Contract Administrator should review the reports for the following:

- Compare the actual performance against the contract requirements. Is the contractor performing in accordance with the contract requirements?
- Compare actual expenditures to the approved budget. Is the contractor following their approved budget plan?
- Compare the current period to prior periods. Are there any unexplained trends? Is the contractor performing work significantly different from the last period or the last year that was not anticipated in the contract?

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- If applicable, compare what the current contractor is doing in comparison with other contractors performing similar work.

### Example of a Contract Monitoring Sheet

Contractor /Type of Contract	Specific Monitoring Activities to be Performed	Performance Method including information sources to be used	Responsible individual for each monitoring activity	Monitoring activity frequency	Monitoring activity documentation method	Results of monitoring	Communicated to
ACME Consult  Consulting contract	Review of Draft reports for contract compliance	Compare report to contract requirements	Jane Doe	Quarterly	Email	Terminate consultant for nonperformance	Board/ Executive Staff