

## Contract Administration

**C**ontract administration and oversight includes seven (7) general processes:

1. Planning
2. Monitoring Performance
3. Change Management
4. Payment Approval
5. Dispute Resolution
6. Termination
7. Contract Closeout

The primary tasks of contract administration are to:

- Verify contractor performance for purposes of payment.
- Identify material breach of contract by assessing the difference between contract performance and material nonperformance.
- Determine if corrective action is necessary and take such action if required.
- Develop completion plan for exit requirements for acceptance, final payment, and contract closure.

Contract administration starts with developing clear, concise performance based statements of work. The statement of work should be the roadmap for contract administration. Therefore, planning for contract administration occurs prior to issuance of the solicitation. The goal of contract administration is to ensure the contract is satisfactorily performed and the responsibilities of both parties are properly discharged. Effective contract administration minimizes or eliminates problems and potential claims and disputes.

A key factor in successful contract administration is communication. It is essential for contract administrators to understand the provisions of the purchase document, have the ability to communicate contract obligations to all parties involved, and maintain control over the contract performance. <sup>(4)</sup>

A good contract manager ensures that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the agency are protected.

Contract managers must have sufficient knowledge of contracting principles as it relates to their responsibilities in administering the contract. <sup>(4)</sup> It is the contractor's responsibility to perform and meet the requirements of the contract. To do so, contractors sometimes need technical direction and approval from agency personnel. Agency personnel must provide this technical direction and approval in a timely and effective manner. All guidance provided to a contractor must be within the scope of the contract.

Agencies must be careful to not impose additional requirements upon the contractor or manage the contractor's operations to the extent that the contractor is relieved of their responsibility to perform.

The extent of contract administration will not be the same for all contracts. The level of contract administration necessary should be consistent with the complexity and level of risk of the contract, its' term, and dollar value.