

# The Often-Forgotten Phase of Procurement: Contract Management

*Solicitation and selection are not the end of the procurement process.*

By Karin Smith, MBA, CFE, SFO



office and the department that is using the contract, with the procurement office responsible for monitoring the financial components and the using department responsible for monitoring the performance.

Monitoring contracts includes several functions:

- Verifying the contractor's compliance with terms and conditions
- Having effective strategies in place to ensure effective monitoring
- Tracking the overall fiscal responsibility
- Resolving problems by taking corrective action

District contract managers should consider the following strategies as they monitor contracts postprocurement.

## Monitor Contract Use

Is the contract being deployed at the level you had planned? Review the original planning documentation and compare it with the current deployment to identify whether the level of goods or services is on target with the initial scope of work. Communicate with the end users to determine whether any contract amendments may be necessary immediately or down the road.

## Monitor Terms and Conditions

The terms and conditions portion of the contract is typically lengthy. What deliverables was the district expecting, what deliverables is the district receiving, and how do they

**W**hen the governing board has awarded a contract and a purchase order has been issued, school district finance officials may breathe a sigh of relief, thinking they are “glad to be done with that!” Unfortunately, that thought process often allows contracts to run off course.

Much time and effort go into the planning phase of the procurement process, including identifying the need for procurement of goods or services, identifying vendors to contact for a bid, and defining the scope of work. The solicitation and selection phase involves evaluating the solicitation responses and awarding a contract. But that's not

the end of the procurement process. The real work begins when the contract is awarded. This phase includes the critical process of contract management.

Contract management includes two important elements: communicating with the contractor and setting, measuring, and monitoring performance standards. These tasks help ensure that neither the district nor the contractor falls into potential scope creep—when the services fall outside of the procured scope of work.

Through contract monitoring, the contract manager ensures that the contractor's performance meets the contract's standards. Contract management is often a shared responsibility between the procurement

compare with the terms and conditions of the contract?

If the solicitation called for a specific staffing allocation, the contract manager must ensure that the district monitors the number of staff members allocated to the project and any changes to those staffing levels that the contractor made.

Another aspect to consider is the qualifications of the staff. Were specific personnel promised during the solicitation? Contractors have staffing turnover just like everybody else, but such staffing changes should require a contract amendment. And the district should ensure that the qualifications of the contract (including the amendment) are being met.

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the information needed to review invoices.

Another important factor to consider is the nature of a cooperative contract. Often, districts issue a contract with cooperative language that allows other entities to use the contract. That factor imposes a responsibility on the contract manager to ensure that the cooperative entities have accurate pricing information.

### **Monitor the Quality of Work**

Assess the quality of the services provided early and often. Are they meeting your expectations?

Monitoring the quality of products and services often involves the end users as well as the contract manager and can include an approach as simple as a survey. For

service or product. Make sure that you include the appropriate terms of renewal, price increase, and time extensions.

Effective documentation can make or break a contract renewal. Vendor performance should be clearly documented to demonstrate whether the renewal is in the best interest of the district. Then, a renewal timeline should be established that includes a timeline for the district approval process to ensure that this important determination is not missed.

If a contract is not renewed, any cooperative agencies must be duly notified to allow them ample time to initiate a new procurement process.

### **A Few Final Thoughts**

The final step in the postprocurement phase is to determine whether the future scope of work needs to be modified and whether the range of services or products will increase or decrease. That point is also an opportune time to identify whether the past solicitation, terms and conditions, or scope of work had any problems. The prior contract may be upward of five years old, so the district should consider whether new and improved equipment and technology would allow it to be more efficient.

Finally, it doesn't hurt to ask vendors 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 not only will help ensure that the district contract is effectively managed but also will make sure that the district does not incur unnecessary costs or waste staff time and energy.

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**Karin M. Smith, MBA, CFE, SFO**, is a partner at Heinfeld, Meech & Co., P.C. Email: karins@heinfeldmeech.com

## **Another important element of the terms and conditions is the overall timeline for the project. Is the agreed-upon timeline for the project being met?**

all timeline for the project. Is the agreed-upon timeline for the project being met? The timeline includes not only the end date but also the milestones throughout the duration of the project.

### **Monitor Invoices**

Are the amounts being invoiced consistent with the cost and pricing agreed to in the contract?

Monitoring the invoices versus the contractual pricing is an important function of the contract manager. Invoices should be reviewed regularly to ensure that 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. A pricing sheet should be provided to help ensure that the accounts payable staff also has

example, if you have a custodial contract, ask your teachers how clean their classrooms are. Communication logs can help evaluate the quality of work as well. A communication log between the end users, the contractor, and the contract manager can illustrate the responsiveness of the contractor.

Establish a performance improvement plan and hold the contractor accountable. The performance improvement plan should identify the standards not being met, the expectations for meeting the standards, the measurement for determining whether the standards are being met, and, most important, the expected time line for compliance.

### **Monitor Renewals**

When the contract is up for renewal, verify with the end users that they intend to continue to need the