



THE UNIVERSITY OF
NEW MEXICO

University Business
Policies and Procedures
Manual

2015

CONTRACT MANAGEMENT AND MONITORING

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Subject to Change Without Notice

Authorized by Regents' Policy 7.8 "Signature Authority for Contracts"
Process Owner: Executive Vice President for Administration/CFO/COO

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1. General

Monitoring the performance of contractors is a key function of proper contract management and administration. The purpose of contract management and monitoring is to ensure that the contractor is performing all duties in accordance with the contract, the financial interests of the University are protected, and the University is aware of and addresses any developing problems or issues on a timely basis. When a contract is executed in accordance with Policy 2010 "Contracts Signature Authority and Review," a UNM employee is appointed as the contract owner and is responsible for monitoring the contract for proper execution and performance from the start date of the contract through completion and final payment. For the purposes of this policy, a "contract" is defined as a written agreement between two (2) or more parties intended to have legal effect, including Memorandums of Understanding, Memorandums of Agreement, Nondisclosure Agreements, and Letters of Understanding. Requests to exempt contracts from the requirements of this policy must be approved in writing by the Executive Vice President for Administration/CFO/COO. This Policy does not apply to research, clinical, and sponsored project contracts or agreements which are monitored in accordance with applicable rules, regulations, and policies.

2. Contract Management System ~~and Database~~

Upon execution, all contracts, including electronic contracts and any amendments will be added to the Contract Management System (CMS) by the University Purchasing Department or departmental CMS administrator approved by the Purchasing Department. This System serves as a repository for all contracts that obligate the University, including the branch campuses, and provides information for contract tracking and monitoring.

3. Contract Owner

3.1. Role and Responsibilities

The contract owner is responsible for monitoring that contract requirements are satisfied, goods and services are delivered in a timely manner, safety and risk issues are addressed,

and required payments are made. The contract owner is also responsible for striving to resolve discrepancies and timely reporting of any unresolved discrepancies and/or problems to the administrator who signed the contract or agreement ^{responsible administrator}. Upon completion of the contract, the contract owner will enter completion information into the Contract Management System, ~~appropriate Contract Database~~. In addition, the contract owner shall update the status field in the Contract Management System, ~~appropriate Contract Database~~ as of fiscal year end for each open contract and more often if appropriate. Contract amendments must also be monitored in the same manner as the original contract.

3.2. Monitoring Procedures

The procedures a contract owner uses will vary depending on the size, level of risk, and complexity of the contract.

3.2.1. Contracts Less Than \$20,000

Contract less than \$20,000 should be monitored for performance to ensure goods and services conform to the contract requirements. The contract owner should report the status on all open contracts less than \$20,000 at the close of each fiscal year and upon completion of the contract.

3.2.2. Contracts \$20,000 and Above

This policy requires a higher degree of monitoring for contracts \$20,000 and above. For these contracts, the contract owner should review the contract to identify deliverables and develop a monitoring plan/checklist for each contract taking into account the level of risk. General factors used to assess the level of risk include, but are not limited to:

- the dollar amount of contract;
- negative impact to the University's safety and/or reputation if the contract is not executed properly and on time;
- the contractor's past performance; and
- how experienced the contractor is with the type of work to be performed.

The contract owner will provide quarterly updates to the ~~responsible administrator identified on the contract review form~~ administrator who signed the contract or agreement. At a minimum, the contract owner should perform the following contract monitoring procedures:

- Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements. Depending on the nature of the contract the contract owner may need to conduct one or more site visits.
- Documenting required contractor visits, tests, and significant events.

- Reviewing required reports submitted by the contractor demonstrating compliance.
- Resolving disputes in a timely manner.
- Verifying receipt of contract deliverables in accordance with the contract terms and maintaining detailed supporting documentation.
- Reviewing contractor's invoices and reconciling and verifying payments consistent with the contract terms and maintaining proper documentation.
- Reviewing compliance with applicable laws, regulations, and policies and consulting with the applicable University department if there are any concerns (University Counsel, Safety and Risk Services, Human Resources, etc.).

3.3. Poor or Under Performance by Contractor

If a contract owner determines that the contractor's performance is not acceptable, the contract owner should notify the responsible UNM administrator identified on the contract review form. This administrator in consultation with the Purchasing Department will determine the appropriate action, which may include withholding some or all of payment.

4. Reporting

The contract owner is responsible for reporting the following information on a timely basis to the administrator who signed the contract or agreement ~~responsible administrator.~~

- report any unresolved discrepancies and/or problems;
- prepare quarterly status reports for contracts \$20,000 or above; and
- prepare a final report when the contract is completed. ~~and fully paid.~~

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