

<b>Contract Administration</b>	<b>PROCEDURE</b>	
	<b>Document Number:</b>	FRS-PR-033.1
	<b>Version Number:</b>	3

**1.0 Purpose:**

To define the general rules and procedures to be used for the proper administration of contracts.

**2.0 Scope:**

This Procedure applies to all VTA departments and all vendors participating in the established VTA procurement process.

**3.0 Responsibilities:**

It is the responsibility of the Purchasing and Materials Manager to draft and obtain approval of this Procedure to assure organizational understanding and compliance with this Procedure.

**4.0 Procedure:**

**4.1 PROFESSIONAL SERVICES CONTRACT ADMINISTRATION:**

**4.1.1 Project Manager Responsibilities:**

After contracts are executed, it shall be the Project Manager's responsibility to guide the Contractor through the work process. Generally, the Statement of Work in the negotiated contract defines specific tasks, milestones, and review procedures, which vary depending on the specific project. The Project Manager shall provide technical direction to the Contractor and respond to correspondence on technical matters from the Contractor's designated representative. A copy of correspondence related to contract scope, cost schedule and contract performance or related issues shall be provided to the Contract Administrator. The Project Manager shall review the progress of the work on a periodic basis and initiate review by VTA staff, public agencies, and others as required.

The Contractor is required to document the amount of time and money spent on the work on a periodic basis specified in the Contract. The Project Manager shall review the Contractor's documentation and invoices in relation to the milestones, work expended to date, and budget information. The Project Manager shall also review invoices for accuracy and content and then prepare Check Requests for payment in accordance with Contract Terms and Conditions.

If, in the course of the work, it becomes apparent that a change in the Statement of Work is required, the Project Manager will initiate a request for a Contract Amendment and provide changes to the Statement of Work and other required documentation to the Contract Administrator. The Statement of Work, change in schedule, and cost of the change, if any, are to be negotiated with the Contractor

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by the Project Manager and the Contract Administrator in Contracts and Materials Management (CMM) before the Contract Amendment is processed in accordance with procedures and delegation of authority.

The Project Manager has a continuing responsibility to monitor the Contractor's work progress until it is completed and the product or service is accepted by VTA.

#### 4.1.2 Contract Administrator Responsibilities:

Immediately after full execution of the Basic Contract, the technical administration of the Contract becomes the responsibility of the Originating Department Project Manager with the administrative assistance of the assigned Contract Administrator from CMM. The Contract Administrator and Project Manager establish the methods and procedures to be utilized in the performance of the contract.

The following are the routine duties of the Contract Administrator:

- Receives and transmits all correspondence with Contractor regarding contractual matters. Provides direction to the Contractor on contractual matters.
- Coordinates proposed changes with contractors, obtains cost quotes, assesses impact, obtains necessary approvals, and initiates contract changes.
- With the Project Manager, negotiates all changes to contract he/she administers and prepares all Contract Amendments, with technical assistance from the Project Manager, with supporting backup reflecting these changes.
- Reviews invoices for all negotiated contracts as to format, accuracy, and allowability of cost; forwards them to applicable VTA Project Manager for further evaluation; and, advises as to any adjustments which must be made.
- Monitors progress of Check Request to ensure timely payment to Contractor.
- Assures Contractor insurance is maintained during the life of the contract.
- Reviews subcontracts submitted by the Contractor for compliance with contract requirements; obtains the technical review from the requesting department to assure proper scope, level of effort, and subcontract price; and, prepares and transmits appropriate response to the Contractor either granting approval or requiring appropriate changes.
- Prepares contractual memoranda in cooperation with the Originating Department for presentation to VTA staff and Board of Directors.
- Attends as required, project progress meetings between Contractors and other VTA staff.
- Performs contract close-out in accordance with established procedures.

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#### 4.1.3 Contract Close-out Procedures

Professional Services contract close-out will not occur immediately after the completion date of the contract but over a period of time. Some events will occur prior to the contract completion date and others, such as final audit and indirect rate negotiations, may occur after the contract completion date. The Contract Administrator is responsible for insuring that contract files are closed in a timely manner and the close-out actions are documented on the close-out checklist (Attachment 1), and in such additional details as appropriate.

- Prior to the contract completion date, the Contract Administrator shall contact the Project Manager to confirm that no contractor effort will be required after the specified contract completion date and that the contract may be closed out. This action shall be initiated at least sixty (60) days prior to the specified completion date, whenever possible. This is necessary to determine whether there will be an overrun; to negotiate and extend the period of performance, if necessary; and, to allow sufficient procurement lead-time if there is a follow-on effort. If the contract is to be completed on schedule, the Contract Administrator shall proceed with the contract closure; otherwise, appropriate action shall be taken to extend the contract.
- Upon completion of the work under the contract, the Contract Administrator shall send the "Contractor's Close-out Letter" (Attachment 2) to the Contractor. This letter contains the necessary forms for requesting assignment of rebates and credits, release of liability, and Contractor's closing statement.
- Upon return of the Contractor's closing document, the Contract Administrator shall review the documents for completeness and, if acceptable, take appropriate action to complete the closeout utilizing the close-out checklist. If the documents are not acceptable, the Contract Administrator shall follow-up with the Contractor and obtain the information required.
- Cost and/or fees withheld pursuant to the contract provisions shall not be released to the Contractor until the Contractor has completed the required closing documents, made final disposition of VTA property, and reached final agreement with VTA regarding the amount of final payment due. Withheld costs and/or fees shall be included in the final payment to the Contractor.
- Upon receipt of the Project Manager's confirmation of a pending contract completion, the Contract Administrator shall seek the VTA Contract Auditor's determination of whether a final contract audit is required. A memorandum outlining the contract particulars and status shall be sent to the auditor for assistance in making the determination. If an audit is required, the Contract Administrator shall assist in arranging for the audit and assist the auditor in any other way possible.

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- Final negotiations of indirect rates and disputed costs shall be based on the final audit, if required, and shall be documented in a format similar to the Procurement Summary.
- Upon completion of the close-out checklist, the contract file shall be reviewed for completeness and organization. The following should be helpful in this final review:
- Close-out documents, information, and correspondence filed under separate tab:
  - File purged of extra copies, staples, clips, envelopes, and paper scraps.
  - File contains Purchase Request, Advertisement Copy, RFP, Procurement Summary, and Cost and Price Analysis for contract and all changes: (If not in file, document where it can be found.)

#### 4.2 CONSTRUCTION CONTRACT ADMINISTRATION:

##### Project Manager's Responsibilities:

- 4.2.1 After a construction contract is executed it is the responsibility of the Project Manager to:
- Monitor and direct the work;
  - Provide technical direction and oversight to the work to be performed;
  - Notify the assigned Contract Administrator (CA) of any requested changes to the scope, duration or dollar value of the contract;
  - Work with the CA to develop an acceptable Independent Cost Estimate (ICE) for any proposed changes to the contract;
  - Secure a proposal for the work from the contractor;
  - Work with the CA to conduct cost analysis and negotiate the terms of the Change Order (C/O);
  - Secure necessary approvals from the Project Manager for the C/O;
  - Submit the necessary documentation to the CA for other approvals as needed
  - Process contractors invoices through the Prog Pay process.

##### Contract Administrator's Responsibilities:

- 4.2.2 After a construction contract is executed it is the responsibility of the Contract Administrator to:
- Receive and transmit correspondence with the contractor regarding contractual matters;
  - Coordinates and processes requests for C/O's with E&C;
  - Participates in the negotiations of C/O's per the Change Control Board process;
  - Provides independent oversight to the C/O process;

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- Approves and routes for approval C/O's per the established dollar authorities
- Works with Project Manager on contract closeout process.

#### 4.3 COMMODITY CONTRACT ADMINISTRATION:

##### Requestor's Responsibilities:

- 4.3.1 After a contract is executed by the Purchasing Department, it is the responsibility of the Requestor to:
- Monitor the goods or services provided by the vendor to assure that they meet the specifications of the contract;
  - Work with a new vendor to assure the requirements of the contract are met;
  - Contact the Buyer if the goods or services received are not per the contract specifications;
  - Monitor the performance of the vendor and notify the Buyer if there are performance issues;
  - Document any performance or product issues for appropriate follow-up by the Buyer;
  - Monitor the dollar value of the product ordered to assure it does not exceed the total contract value;
  - Notify the Buyer with appropriate lead time if it appears the total contract value may be exceeded;
  - Monitor the term of the agreement and communicate the desire to execute contract options (if any) or re-compete the contract if the product/service is still needed.

##### Buyer's Responsibilities:

- 4.3.2 After a contract is executed, it is the Responsibility of the Buyer to:
- Contact vendor with any product/service issues communicated by the Requestor to resolve such issues;
  - Analyze any requests from the Requestor for contract modifications for contract term extension, scope change or additional funding;
  - The term of the contract or contract value may be governed by Administrative Code, Board action or the terms of the contract. Such requests should be discussed with the Purchasing Manager for approval or other action.
  - Requests for additions of or changes to the scope should be discussed with the Purchasing Manager for approval or other action;
  - Requests for execution of options must be reviewed to determine if the option price is still fair and reasonable. Such requests should be discussed with the Purchasing Manager for approval.

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- Any changes to the contract must be within the delegated authority of the individual Buyer. Such delegated authority is cumulative in nature and not limited to each individual action.

**5.0 Definitions:**  
N/A.

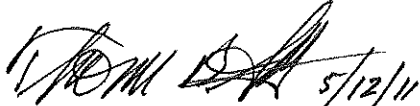
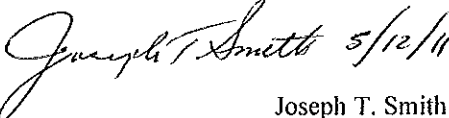

**6.0 Records:**  
N/A.

**7.0 Appendices:**  
N/A.

**8.0 Definitions:**  
N/A.

**9.0 Summary of Changes:**  
Added wording for Construction and Commodity administration, reformatting to a new format and periodic review of Policies and Procedures.

**10.0 Approval Information:**

<i>Prepared by</i>	<i>Reviewed by</i>	<i>Approved by</i>
 Thomas B. Smith Purchasing and Materials Manager	 Joseph T. Smith Chief Financial Officer	 Michael T. Burns General Manager

6/17/11  
Date Signed

<b>Original Date:</b>	<b>Revision Date:</b>	<b>Page 6 of 6</b>
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