



# CONTRACT ADMINISTRATION

In this issue, we will cover contract administration. While in some organizations the terms contract administration and contract management may be interchangeable, for the purpose of this issue we need to clarify and define the differences in these terms.

## CONTRACT ADMINISTRATION VS. CONTRACT MANAGEMENT

### CONTRACT MANAGEMENT

Contract management is comprised of the entire contracting process, from the pre-solicitation activities through contract closeout.<sup>1</sup>

VS

### CONTRACT ADMINISTRATION

A subdivision of contract management which includes all post-award monitoring and administration activities through contract closeout.

- Contract monitoring
- Managing changes
- Maintaining documents
- Addressing claims and disputes

<sup>1</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

# CONTRACT ADMINISTRATION PLAN (CAP)

NASPO's *State and Local Government Procurement: A Practical Guide* best practice recommendation states that a contract administration plan (CAP) should be developed identifying pre- and post- award activities and the individuals responsible for those activities.<sup>2</sup> CAPs are prepared in the pre-award stage alongside the preparation of the solicitation.<sup>3</sup> CAPs are composed of 4 general stages but may vary on their level of complexity depending upon the state's statutes, regulations, and the needs of the procurement. These stages are:

- Kick-off/Pre-performance Period
- On-going Maintenance for the Duration of the Contract
- Monitoring Contractor Performance, Documentation, and Record-keeping
- Contract Closeout

## 1. KICK-OFF/PRE-PERFORMANCE PERIOD

Throughout this stage, procurement officials should ensure that awarded contractors comply with business registration requirements and submit financial documents. State contracts are not executed until all required documentation has been provided and meets the applicable responsibility criteria.<sup>4</sup>

For high-risk, high-dollar contracts the level of importance of the kick-off meeting is greater. During this time the central procurement office, agency, and contractor work to understand the standards of performance for the contract.<sup>5</sup> Early and consistent communication is key and helps to lay the groundwork for a positive working relationship.



<sup>2</sup> NASPO, *State & Local Government Procurement: A Practical Guide*, 4th ed. (Plantation: JRoss Publishing, 2024).

<sup>3</sup> NASPO, *State & Local Government Procurement: A Practical Guide*, 4th ed. (Plantation: JRoss Publishing, 2024).

<sup>4</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

<sup>5</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

## 2. ONGOING MAINTENANCE FOR THE DURATION OF THE CONTRACT

In this stage the central procurement office should work with user agencies to determine:<sup>6</sup>

- Roles and responsibilities for each activity in the process
- How performance will be evaluated, including milestones and performance metrics
- Monitoring methods
- Reporting tools and processes
- Process for resolution of disputes and claims

To aid the contract manager, states may offer a separate contract management tool or contract management module as a part of their eProcurement system. In the absence of these tools, some states rely on home-grown solutions.<sup>7</sup> Whether it be an advanced tool or an internal process, the importance of providing the necessary support for contract management and administration is an essential element for successful monitoring.<sup>8</sup>



## 3. MONITORING CONTRACTOR PERFORMANCE, DOCUMENTATION, AND RECORD-KEEPING

NASPO's recommended best practices in *State and Local Government Procurement: A Practical Guide* states quality assurance should be part of any contract administration plan prepared for specific contracts.<sup>9</sup> All of the planned and systematic actions necessary to provide confidence that a product or service will satisfy given requirements for quality is referred to as quality assurance.<sup>10</sup> Contract managers should keep all documentation throughout the life of the contract, providing confidence in the quality obtained from the contractor.

In contract administration, communication is key. Procurement officials should be keenly aware of communication with the user agency and contractor.



<sup>6</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

<sup>7</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

<sup>8</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

<sup>9</sup> NASPO, *State & Local Government Procurement: A Practical Guide*, 4th ed. (Plantation: JRoss Publishing, 2024).

Contract changes are inevitable and anticipated amendments should be built into the contract provisions.<sup>11</sup> The importance of having an internal change management process to document and verify all parties' compliance with the proposed changes cannot be overstated.<sup>12</sup>

For monitoring, documenting, and keeping records, a contract file is an essential organizational tool. It should include all documentation of contract performance, quality assurance, contract changes, and claims and disputes to ensure all involved parties are performing their duties in accordance with the contract.

To find out about Stage 4: Contract Closeout, as well as contract retirement, check out Procurement Toolbox Issue 8!



## TOOLS TO LEARN MORE

Take the Procurement U course: [Procurement 101: Foundations of Public Procurement](#) to get familiar with contract administration.

Familiarize yourself with contract administration best practices by reading Chapter 10: Contract Management and Contract Administration in [NASPO's State and Local Government Procurement: A Practical Guide](#).

Review contract monitoring activities and best practices in NASPO's [Contract Administration Best Practices Guide](#).

Take the Procurement U Course: [116: Introduction to Contract Administration](#) to explore key concepts and strategies related to post award contract administration.

See what contract administration looks like in practice by watching this [webinar](#) presented by the Gold Winner of the 2019 George Cronin Awards for Procurement Excellence.

<sup>10</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).

<sup>11</sup> "Contract Administration Best Practices Guide," NASPO, last updated September 2023, [https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide\\_UpdatedSeptember2023.pdf](https://cdn.naspo.org/RI/ContractAdministrationBestPracticesGuide_UpdatedSeptember2023.pdf).