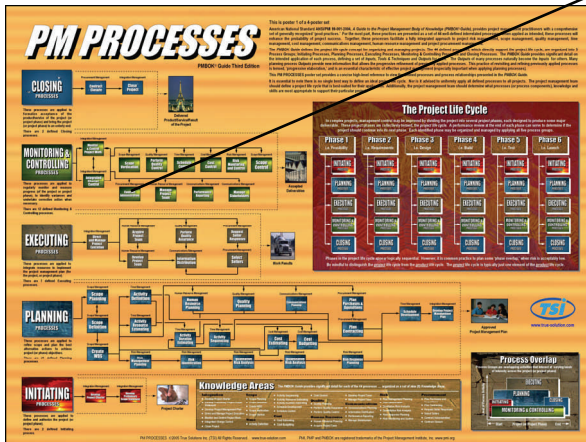




Applying the Contract Administration Process

Contract Administration is the procurement process of ensuring that the seller's performance satisfies contractual obligations. Typically, contract administration involves verifying work results, managing change requests, processing invoices and managing contractor interfaces. Large project procurements may require the support of one or more dedicated contract administrator(s).

Note that contract changes are not necessarily to be avoided. If a contract change will facilitate some project performance improvement, it should be made. Of course, it is essential that contract changes (like any project change) be made in accordance with an approved change control system. Only unnecessary contract changes should be avoided. If a contract is well planned and negotiated, then unnecessary contract changes should not surface as issues.



CONTRACT ADMINISTRATION manages the relationship between project (buyer) and supplier (seller).

Contract. The legally binding agreement that obligates a seller and a buyer to specific product/price terms.
Contract management plan. The formal plan to administer the contract (typically only in larger procurements).
Selected sellers. Those sellers selected to supply services/products to the project and have negotiated a contract.
Performance reports. S-curves, bar charts, tables, histograms, etc. that summarize seller performance.
Approved change requests. Authorized changes that revise contract scope, modify terms, revise schedules, etc.
Work performance information. Collection of seller status information; completed deliverables, schedule progress.
Contract change control system. A system that defines the process by which a contract may be modified.
Buyer-conducted performance review. A procurement performance review of seller's conformance to contract terms.
Inspections and audits. Required by the buyer, supported by the seller, conducted to identify seller weaknesses.
Performance reporting. Management information to assess the contractual performance of project suppliers.
Payment system. Reviews, approvals, payments made in accordance with contract terms.
Claims administration. Procedures for resolving disputed/contested changes between buyer and seller.
Records management system. Used by the project manager to manage contract documentation and records.
Information technology. Technology used to help automate buyers/seller payments, records management, reporting.
Contract documentation. Contract, schedules, contract changes, performance reports, payment records, etc.
Requested changes. Required changes to the project management plan necessitated by the application of this process.
Recommended corrective actions. Actions taken to bring seller performance into conformance with the contract.
Organizational process assets (updates). Lessons learned, correspondence, seller performance, etc.
Project management plan (updates). Specifically, updates to the procurement and contract management plans.

Contract Administration Must Know Concepts

1. "Contract Administration is the procurement process of ensuring that the seller's performance satisfies contractual obligations."
2. "Contract administration involves verifying work results, managing change requests, processing invoices and managing contractor interfaces."
3. "Some organizations may offer the support of a centralized contracting group to manage project contract administration. If not, then contract administration is managed at the project level in a de-centralized fashion."
4. "Unnecessary contract changes should be avoided."
5. "Contract changes that will lead to improved project performance should be facilitated, but in accordance with the project's change control system."
6. "If a contract is well-planned and negotiated, then the need for contract changes should be minimized."

