Chapter 500

Contract Administration

500.01 Introduction

This chapter covers the administrative procedures for consultant contracts from the point the consultant is given a notice to proceed on project-specific contracts to the final close-out of the contract. It also provides the basics of contract administration for existing on-call agreements.

Appropriate acronyms and definitions are in Chapters 130 and 140, respectively. The legal basis for architectural and engineering (A&E) contract administration is in Appendix B, A&E Legal Bases for Consultant Contracting. The definitions which distinguish between “contract management” and “contract administration” are found in Chapter 140.

500.02 Responsibilities for Administering WSDOT Contracts

Overall contract administration is the responsibility of the HQ Consultant Services Office (CSO). This includes the administrative responsibilities leading up to the award of a contract, through the progress of the contract, to the conclusion, acceptance of the work, evaluation of the consultant, and contract closeout. The CSO is supported by the ACLs, who report to the CSO for contractual matters. The CSO is responsible for establishing a regular process of training for ACLs and area project personnel.

The ACLs will work with the functional area project personnel to ensure the necessary steps are taken in any contractual matters related to initiating, negotiating, administering, and closing out contracts for consultant services. ACLs will also work with the project personnel responsible for the day-to-day contract administration in the field. The appropriate ACL is to be contacted prior to and be involved in any changes or change management functions that could materially affect the contract.

ACLs interface between the CSO and project delivery teams. It is the responsibility of the ACL to see that the requirements and necessary steps for consultant contract administration take place. They are responsible for providing guidance and training to project personnel, or arranging for direct CSO involvement in the guidance and training of personnel responsible for daily administration of consultant contracts. They are also responsible for providing consultative support to project engineers, managers, and area management teams.

Other state personnel are responsible for administrative functions, which is especially important for whole projects done by consultant contract. Project personnel are assigned administrative responsibilities such as documenting and verifying monthly invoices, helping to assemble necessary documents, arranging meetings, and closing out contracts.
500.03 Administrative Procedures

After the contract has a full statement of work and has been negotiated and awarded, the process of contract administration is largely a function of the project office. This is true whether the contract is project-specific, category-specific, or an on call contract with the work done by task order document.

Issues regarding the review of monthly invoices; maintenance of source documents; notifications of change; delivery of the project schedule; and any other administrative matters should be covered in the project kick-off meeting. If a consultant is contracted for category-specific work, under an on-call TOD, there should be a meeting between the project office, any other consultants with whom the new firm might need to coordinate, and the consultant. The meeting would be similar to the work kick-off meeting scheduled at the beginning of the project.

In the WSDOT project office, the engineer or project business manager is responsible for establishing procedures for invoices and monthly progress report reviews. The ACL should be consulted with and provided a review copy of the project desk manual for contract administration as early as possible.

Change management is a major issue, and a change management plan needs to be reviewed as part of the initial meetings. Note: Chapter 250 covers Professional Services supplements to contracts, and Chapter 420 covers A&E supplements to contracts, so these will not be further covered here. The importance from an administrative perspective is that additional work or changes to the statement of work should not be authorized until a supplemental contract is approved. Changes to Task Orders are done through amendments.

It is the responsibility of the ACL to be aware of all the contract administration issues for the CSO and the CSO manager. The position as liaison is vital to the success of the project from a contractual basis, and it is the responsibility of the project manager to see that the ACL is kept informed and engaged in the progress of the contract.

500.04 Contract Closeout Process

When the work covered by a project-specific Professional Services or architectural and engineering (A&E) consultant contract is complete, there are a number of steps required to close the contract satisfactorily. If the work is under a master on-call contract task order document (TOD), the closeout procedures are to be followed for the TOD work and are not to wait until the master contract expires.

After the work is completed on a consultant contract, there are a number of steps that remain to close the contract.

1. The consultant is to notify the project that all elements of the statement of work (SOW) have been completed and all deliverables have been provided. At this time, the consultant should alert the project of any amounts outside the contract SOW that the consultant has determined are payable (if that has not already occurred). The consultant should submit an invoice labeled “Final” with a letter stating that it is the final invoice. The letter should also state that there are no other charges pending, that the amount invoiced represents the remaining total amount due, and that there are no other claims forthcoming under the contract work.
2. If the project agrees that all work has been accomplished to the state’s satisfaction, the project manager should acknowledge the consultant’s letter and final invoice; request all files, data, or other materials supplied to the consultant; and notify the consultant that the work has been done satisfactorily and is accepted by the state. In the letter, the project manager should provide a reminder that this acceptance does not release the consultant from potential obligations to correct, make whole, or complete any unknown omissions or design errors. The project manager should also provide the consultant with a copy of the consultant evaluation (see Section 500.05 below) when finished by the ACL.

3. The project manager should assist the area consultant liaison (ACL) with completing the evaluation process. If there are problems with the process, the ACL and the consultant should be notified.

4. Upon payment of the final invoice, the HQ Consultant Services Office will notify the WSDOT Internal Audit Office of the completion of the contract and will formalize a request to audit the contract. Boilerplate contracts specify that the consultant is required to maintain source documents for all costs billed to the state for a period of three (3) years from the completion of the contract and receipt of final payment. If a final audit is in progress, these source documents must be maintained until the final audit is completed and all responses made and accepted.

Procedures for closeout and records retention required for contracts with federal-aid participation are found in 49 CFR 18.36 and are outlined in Section 500.06 below. For all contracts, the following should be added to the list:

- All liability actions resolved.
- Performance evaluation(s) prepared, approved, and distributed.
- Return of all government-furnished materials by the contractor.
- Release of claims executed by the contractor.

500.05 Consultant Performance Evaluation Reports

500.05.01 Introduction

The preparation of the Consultant Performance Evaluation Report is an important part of the contract feedback process. It is also the primary means for developing communication standards and establishing expectations for performance at the onset of a project. Performance expectations must be addressed from project beginning to contract close-out. Performance needs to be made a part of the consultant selection process, the development of the statements of work, and the negotiations, through to the end of the consultant’s involvement in the project.

The completion of the performance reports by WSDOT is required by both federal and state statute and is mandatory for all consultant contracts in excess of $30,000. This is also required for TODs which exceed $30,000.
It is appropriate to provide a consultant with a performance report if either the consultant or the project office requests it, no matter the ultimate value of the contract or task order. It is suggested that, if the project consists of work that is not standard to WSDOT, no matter the value, a performance report be provided for the consultant.

*Note:* The Consultant Performance Evaluation Report is not a comparison of consultants. It is an evaluation of the performance of a specific consultant on a specific project statement of work. The report records whether the consultant did or did not meet those performance standards that were established in the contract and are generally accepted by the industry for the execution and management of the contract.

### 500.05.02 Preparation

Diligence and objectivity in preparing the performance report is imperative to ensure the report is an effective tool for measuring, recording, and communicating performance. The performance feedback should be submitted according to the intervals established herein, to meet legal and contractual obligations.


### 500.06 Recordkeeping and Records Retention

#### 500.06.01 Introduction

Records related to the progress of WSDOT contracts are an important part of the contracting process. Audits can be initiated up to three years after close of the contract, and require that records be kept until the audit process is complete, no matter how long that takes. They seldom occur during the progress of the contract when records are current and memories are fresh. There are several timetables related to records retention covered by federal requirements (49 CFR 18.40–18.44), state law, the *State Administrative and Accounting Manual*, and the WSDOT *Purchasing Manual* M 72-80.

Many of the responsibilities for records have already been covered in the manual sections related to their development. Records which must be maintained include, but are not limited to, request memos; planning documentation related to consultant use; solicitations; ratings and selections; negotiations notes; and awards notifications. How these records are handled and maintained after they are generated is governed by one or more of the legal and policy and procedures manuals listed above.

Recordkeeping usually moves to the project offices after the notice to proceed, but the ACLs and the CSO also have records involvement throughout the life of the contract.
500.06.02 Records Management and Public Disclosure

500.06.02.01 Records Management

The CSO follows the provisions of Chapter 40.14 RCW in managing and archiving the essential records related to acquisitions and contract administration. The CSO is the custodian of the official contract files for Y agreements (see Chapter 800) for Professional Services and architectural and engineering (A&E) consultant services. It is the CSO’s obligation to maintain the active records on-site in an accessible manner; maintain complete and well-organized contract files; protect original documents; and ensure records retention schedules are followed.

General records retention schedules are established by the Office of the Secretary of State, Division of Archives and Records Management. The “General Schedule” pertains to records that are consistently developed in the course of doing state business, and they refer to the primary record regardless of the storage media. The CSO adheres to the State required retainage schedules for contract-related records. The schedule is as follows:

- **Contracts for services**: Retained for six (6) years after termination and close-out.
- **Solicitation records**: Retained for six (6) years after closure or cancellation.
- **Documentation of unsuccessful proposers/bidders**: Retained for three (3) years after award or cancellation.

Records are stored at the Washington State Records Archive for the duration of the retainage period.

In order to increase the accessibility of its records, the CSO has instituted a document imaging process to provide electronic access to active contract documents.

500.06.02.02 Public Disclosure

Public disclosure is the process by which the general public requests and obtains public records from state agencies. In Washington State, public disclosure is governed by the provisions of Chapter 42.56 RCW, which requires all state agencies to respond to requests for public records in a timely and acceptable manner. The term “public record” applies to any record, in any media, including electronic records. Further direction regarding WSDOT’s policy on public disclosure is in Secretary’s Executive Order E 1023.03 www.wsdot.wa.gov/Contact/PublicDisclosure.

Public disclosure requests regarding CSO records may be submitted to the WSDOT Records and Information Services Office. In all cases, public disclosure requests and all responses to the requester are coordinated and tracked on an agency-wide basis through the WSDOT Records and Information Services Office, which will provide the CSO with further instructions regarding requests.
If a consultant desires to claim portions of the proposal as proprietary and exempt from public disclosure, each page claimed to be exempt must be clearly identified as “proprietary information.” If a public records request is made for that information, the consultant will be notified of the request, and given the opportunity to seek to obtain a court order enjoining disclosure or cite other state or federal law that provides for nondisclosure.

500.07 Miscellaneous Administrative Procedures

500.07.01 Contract Claims Procedure

Contract claims most often occur when the consultant and WSDOT project personnel disagree on payments due to the consultant. Most claims are made at the end of the project, often when the contract maximum payment amount is reached or time has run out. Appendix G, Consultant Contract Claims and Claims Procedures, gives full details of the processes and the steps to take with a claim.

500.07.02 Consultant Design Errors and/or Omissions

There are times during a construction contract when a potential error or omission in the design is discovered. Other times an error or omission is discovered after the work is completed. Regardless of the cause, design errors or omissions can be costly in many ways. Appendix E, Consultant Design Errors and Omissions Procedures, explains how to determine whether a consultant error or omission has occurred and establishes uniform procedures for resolution and cost recovery.

Note: This process should also be used for other determinable errors or omissions that may occur in consultant work efforts, such as survey and geotechnical work.
Chapter 510 Vacated
Chapter 520

Vacated
Chapter 550

Vacated