

State of Michigan  
Michigan Procurement Policy Manual

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## CHAPTER 12 Contract Management

### **12.1 Contract Management**

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Contract management is the process of actively managing State contracts to ensure compliance with the requirements of an executed contract. This chapter outlines the State's roles and responsibilities for managing contracts, and describes activities that are necessary for effective contract management.

### **12.2 Contract Monitoring Plan**

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All multi-year contracts with an effective date of 10/1/18 or later that exceed \$50,000 in value must have an up-to-date contract monitoring plan per related procedures issued by Central Procurement Services. This excludes agency contracts that were not established under Public Act 431 of 1984, but rather under other statutory sources of authority.

The Contract Administrator is responsible for maintaining all versions of the contract monitoring plan, and all other documentation required by the plan (reports, notes, etc.).

A copy of all new and updated contract monitoring plans must be provided to Central Procurement Services – Relationship Management Division/Supplier Relations per related procedures issued by Central Procurement Services.

Exceptions to this section may be granted by the Chief Procurement Officer, or designee.

### **12.3 Contract Issue Resolution**

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The issue resolution process must be completed before progressing to the dispute resolution provision of the Standard Contract Terms.

Liquidated damages and/or service level agreements must be enforced in all multi-year contracts unless a written exception is granted by the Chief Procurement Officer or designee.

Each contract Issue must be resolved in accordance with related procedures issued by Central Procurement Services.

### **12.4 Reporting**

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The Program Manager is responsible for completing Contract Monitoring Reports (previously known as Contract Compliance Reports) and certifying that all required monitoring is being completed and the contractor's performance is meeting or exceeding expectations. Frequency of contract monitoring reporting is determined per related procedures issued by Central Procurement Services.

## **12.5 Contract Change Management**

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Contract changes must be documented on a Contract Change Notice and signed by an individual authorized by the Agency and the contractor. A “Contract Change Notice” is a form used to document modification to a contract mutually agreed upon by the State and contractor. If a Contract Change Notice affects a contract monitoring plan, the contract monitoring plan must be updated. A Contract Change Notice must be maintained in the contract file.

The Contract Administrator is responsible for obtaining the appropriate agency approval before finalizing a change request. If a change requires a modification to the approved CS-138, the agency responsible for obtaining initial approval is responsible for obtaining all subsequent approvals. Any State Administrative Board requirements must also be met.

## **12.6 Contract Termination**

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With the exception of a contract for the procurement of direct human services, approval from the Chief Procurement Officer or designee is required before a contract is terminated for cause or convenience.

A contract must be terminated if the contractor has been debarred by the federal government.

## **12.7 Contract Closeout**

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A contract is completed upon the State’s receipt and acceptance of all goods, equipment, or services; delivery and acceptance of all reports; return of all State-furnished equipment and material; and upon final payment to the contractor. Before approving the final contractor invoice, the program manager must ensure that all outstanding issues have been resolved and that both parties to the contract have fulfilled their contractual obligations.