

UIC Contract Monitoring Procedures

I. Overview

In accordance with UIC's Contract Monitoring policy, each Vice Chancellor, Dean and Unit Head have fiduciary responsibility for compliance with the policy. In that regard, the User Department and User Department unit head are responsible for assuring that contract requirements are met, goods and services are delivered in a timely manner, safety and risk issues are addressed, and required payments are approved and/or received. All contracts require some level of monitoring. For example, Contractors should not be paid until goods and services are verified as received in accordance with the terms and conditions of the contract. However, some contracts have greater risk and require more systematic and formalized Contract Monitoring (see Section IV Contract Risk Assessment).

II. Contract Types and Central Offices:

- A. The following contract types are subject to these Contract Monitoring Procedures regardless of funding source:
1. Contracts processed by UIC Purchasing; Note: in the absence of a mutually executed contract, the purchase order may serve as the contract and would be subject to these Contract Monitoring procedures: <http://purchasing.uic.edu/>
 2. Contracts subject to additional oversight by the University of Illinois Hospital & Health Sciences System (UI Health) and/or the University of Illinois HIPAA Privacy & Security Officer.
- B. The following contract types are NOT subject to these specific Contract Monitoring Procedures, although should follow good business practices to assure that contractual / lease obligations are being met:
1. Contracts processed by the Office of Business Development Services following good business practices to assure the contractual obligations are being met.
 2. Real Estate Leases, acquisitions and trades that are handled by the UIC Office of Real Estate Services following good business practices to assure the lease obligations are being met.
 3. Contracts processed by the Office of the Vice Chancellor for Research; please see <http://research.uic.edu/> for additional information.

III. Responsibilities of Contract Monitor

Contract Monitoring must occur from the time of contract execution until the contract is completely closed out (i.e. both parties have completed their responsibilities, deliverables have been provided, contract has expired or terminated, and all payments have been made). At a minimum, the Contract Monitor should perform the following:

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- A. Monitoring the Contractor's progress and performance to ensure goods and services conform to the contract requirements. Depending on the nature of the contract, the Contract Monitor may need to conduct one or more site visits.
- B. Verifying receipt of contract deliverables in accordance with the contract terms and maintaining detailed supporting documentation.
- C. Reviewing Contractor's invoices and reconciling and verifying payments consistent with the contract terms and maintaining proper documentation.
- D. Resolving discrepancies and timely reporting of any unresolved discrepancies and/or disputes to the User Department unit head and/or Central Office as appropriate.
- E. Documenting required Contractor visits, tests, and significant events, if relevant.
- F. Reviewing required reports submitted by the Contractor demonstrating compliance.
- G. Reviewing compliance with applicable laws, regulations, and policies and consulting with the applicable University department if there are any concerns (such as Purchasing, University Counsel, Safety and Risk Services, Human Resources).

IV. Contract Risk Assessment

For certain contracts, a Contract Risk Assessment should be completed to quantify the risk of the contract and whether additional Central Office involvement may be required. A Contract Risk Assessment should be completed for all contracts with a value of \$250,000 or greater. For contracts below \$250,000, a Contract Risk Assessment should be completed only if other "High Risk" factors are known to exist. These include:

- A. Contracts defined as "High Risk" in the Risk Management Insurance Matrix:
<https://www.obfs.uillinois.edu/bfpp/section-6-insurance/determine-minimum-insurance-requirements-vendors>;
- B. Contracts for services that involve the sharing or transfer of personal data or sensitive data with outside entities (including data subject to European Union General Data Protection Regulation (EU GDPR), HIPAA, FERPA, export controls, etc.);
- C. Contracts for the provision of healthcare or administrative services (e.g., coding, claims processing, transcription) or any service/activity that requires receipt, transmission, use or disclosure of Protected Health Information (PHI);
- D. Contracts that involve intellectual property licensing; and
- E. Contracts that involve non-disclosure agreements (NDA's).

V. Identification of a Contract Monitor

For most contracts, the User Department will identify a Contract Monitor within the User Department. For contracts where a Contract Risk Assessment is completed, the outcome of the Contract Risk Assessment may warrant additional Central Office involvement.

VI. Reporting Unacceptable Performance

If a Contract Monitor determines that the Contractor's performance is not acceptable, the Contract Monitor should notify the responsible administrator from the Central Office. This administrator will prescribe appropriate actions, e.g. notifying the Contractor of the issue, establishing a Corrective Action Plan, etc.

VII. Contract Monitoring Plan

The Contract Monitor should review the contract to identify deliverables and develop a Contract Monitoring Plan for each contract taking into account the level of risk (See Appendix 1 Sample Contract Monitoring Plan). The Contract Monitoring Plan should document contract monitoring activities. The Contract Monitoring Plan may include:

- A. Convening a kickoff meeting upon Contract execution with the Contractor and User Department, during which the parties:
 1. Define expectations of both Contractor and User Department for performance and adherence to contract terms
 2. Confirm/clarify deliverables
 3. Define metrics/measures to be used to determine if expectations are being met
- B. Reconvening meetings between Contractor and User Department at defined intervals to meet and measure whether expectations are being met, including:
 1. Reconfirming or adjusting metrics/measures
 2. Determining potential need for Amendments, Change Orders
 3. Determining if other University departments (e.g. Central Office, University Counsel, Risk Management, University Payables, etc.) should be included in these meetings and inviting them as necessary and appropriate
 4. Reporting on spend against budget/revenues
 5. Identifying, documenting, and sharing with Contractor any Contractor performance issues
 6. Establishing a Corrective Action Plan with Contractor to resolve any Contractor performance issues
- C. Collecting data/feedback from the User Department on Contractor performance
- D. Ensuring goods and services are provided in accordance with the terms and conditions of the contract
- E. Tracking contract start and end dates to ensure that:
 1. An active contract is in place before supplies and/or services are received
 2. Requests for new contracts and/or renewals to be exercised are submitted to the Central Office before the current contract expires
 3. Renewals are not exercised for supplies or services that are no longer needed
- F. Monitoring cost and revenues to ensure that payments and revenues are in accordance with the contract

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- G. Ensuring that both parties are complying with business, legal and regulatory requirements of the contract
- H. Ensuring safety and risk issues are addressed
- I. Maintaining an organized contract file to document performance under the contract
- J. Ensuring that contract discrepancies and disputes are addressed in a timely manner
- K. Informing Central Office in a timely manner of any significant Contract issues or concerns.

VIII. Definitions:

- **Central Office:** UIC Purchasing, Office of Business Development Services (OBDS), or UI Health, depending on the contract type.
- **Contract:** an agreement between two or more parties (with at least one non-UIC party) that creates mutual obligations enforceable by law. NOTE: documents that meet this definition are contracts regardless of whether they are titled "Contract", "Memorandum of Understanding", "Intergovernmental Agreement (IGA)", etc.
- **Contractor:** The entity (can be UIC or a non-UIC party) that has the responsibility for providing the goods or services at a mutually agreed upon price and within a specified timeframe.
- **Contract Monitor:** the employee responsible for Contract Monitoring under this policy.
- **Contract Monitoring:** the process of observing and documenting contract performance to ensure compliance with all agreed-upon contractual requirements and that applicable regulatory, safety and risk issues are addressed.
- **Contract Risk Assessment:** Analysis to quantify the risk of the Contract and whether additional Central Office involvement may be required in Contract Monitoring
- **User Department:** the UIC department that initiates a contract (i.e. the UIC department with the contracting need).