

# Management Policy

## CONTRACT AUTHORITY MONITORING & REPORTING

**Policy I.D.:** ###-##-##

**Effective Date:**  
TBD

**Responsible Division:**  
Finance

**Responsible Division Head/Executive:**  
Patty Clark, Chief Procurement Officer

### I. REASON FOR POLICY

Valley Metro must connect communities and enhance lives by reacting swiftly to changes in a dynamic environment, recognize when changes will require action by the Board of Directors, and provide the Board timely notification of those changes.

### II. DEFINITIONS

#### **Contact Administrator**

The Valley Metro employee assigned to monitor the contract for compliance, enforcing contract provisions, overseeing the utilization of the contract and the performance of the contractor from contract award through close out of the contract.

#### **Contract Authority**

The contract term and value authorized and approved by action of the RPTA or VMR Board of Directors for contract actions.

#### **CORE**

The Valley Metro enterprise resource management system.

### III. POLICY REQUIREMENTS

#### 1. Monitoring of Contract Authority

- a. Contract Administrators are responsible for monitoring and managing utilization of their contracts.
- b. If a change in utilization could result in the contract exhausting its authority prematurely, the contract administrator shall report this risk to Valley Metro's Chief Procurement Officer (CPO).

- c. In addition, Valley Metro will also establish an annual spending threshold for each contract in CORE that reflects the anticipated utilization of the contract(s) authorized authority over the contract(s) period. If a contract exceeds this threshold during the year, the CPO will be notified of the risk.
- d. When the CPO is notified that a contract may be at risk of exhausting its authority prematurely, the CPO will work with the contract's administrator to assess anticipated spending through the remainder of the contract. Based on this assessment, the CPO shall classify the contract as:
  - i. Likely to prematurely exhaust its contract authority
  - ii. At-risk to prematurely exhaust its contract authority
  - iii. Not at-risk to prematurely exhaust its contract authority.
- e. Contracts assessed to be at-risk and not at-risk will have their annual spending threshold in CORE revised to reflect a utilization rate within the contract's authority and will continue to be monitored.

## 2. Reporting of Contracts Likely and At-Risk

- a. A section will be added to Valley Metro's quarterly report to the Board highlighting all contracts identified as "likely" or "at-risk" to prematurely exhaust its authority. This section will:
  - i. Identify each contract "likely" or "at-risk"
  - ii. The date the contract was identified and the implementation date of the spending change causing the contract to be "at-risk"
  - iii. Briefly summarize the reason the assessment of the contract found it "likely" or "at-risk" to prematurely exhaust its contract authority and the date this change was made (for changes made by Valley Metro) or recognized (for changes caused by external factors):
    - a) If "likely" – the report will include the target date that a contract authority modification will be brought to the Board
    - b) If "at-risk" – the contract will remain on the report until utilization data validates the contract is not at-risk to exhaust its authority
    - c) For both "likely" and "at-risk" – briefly describe the actions and implementation dates Valley Metro is taking to reduce the potential for exhausting the contract's authority.
  - iv. For "at-risk" contracts, provide an explanation of actions and timelines to ensure the contract will no longer be "at-risk" of prematurely exhausting its authority

## 3. Resolution of Contracts Likely to Prematurely Exhaust the Contract Authority

- a. Valley Metro will bring to the Board requests for contract authority adjustments as soon as practicable.

#### IV. ORGANIZATIONS, ENTITIES, AND INDIVIDUALS AFFECTED BY THIS POLICY

All Valley Metro Division and Contracts are covered by this policy.

#### V. EXCLUSIONS

None

#### VI. RELATED DOCUMENTS, FORMS AND TOOLS

None

#### VII. WEBSITE ADDRESS FOR THIS POLICY

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#### VIII. HISTORY AND UPDATES

##### Appendix

There are no appendices to this policy.

**Responsible Division Head:**

\_\_\_\_\_  
Jim Hillyard  
Chief Administrative Officer and Acting  
Chief Financial Officer

\_\_\_\_\_  
Date

**Approved as to Form:**

\_\_\_\_\_  
Michael J. Minnaugh  
General Counsel

\_\_\_\_\_  
Date

**Issued By:**

\_\_\_\_\_  
Scott W. Smith  
Chief Executive Officer

\_\_\_\_\_  
Date

