



# Policies and Procedures

## Contract Monitoring

### Contract Monitoring Policy

The State of Maryland is committed to enhancing transparency, compliance, and efficiency in its contract monitoring processes. To address current gaps and outdated technology, this policy establishes standardized procedures for monitoring contracts across Executive Branch Agencies. It mandates that each agency appoint a Contract Monitor and ensures that these monitors receive certified training in contract management. Additionally, the policy includes quarterly random reviews of contracts to verify full compliance with contract terms. This approach aims to mitigate compliance risks, reduce administrative burdens, and ensure that all vendors meet their contractual obligations.

### Background

The State of Maryland lacks a standardized process for contract monitoring, which can lead to compliance risks. Outdated technology further hinders contract tracking and monitoring. A unified policy and procedures and modern technology are required to improve transparency, increase compliance, and reduce administrative burdens.

### Purpose

This policy will ensure that procedures and tools are in place for Contract Monitors to effectively and accurately monitor the contracts of the Executive Branch Agencies. It will provide the identified Contract Monitors with a mandatory certified practitioner skills training course and quarterly, random reviews of Agency contracts. The goal is to ensure that the vendors who have contracted with the State are 100% in compliance with the specified contract requirements. Each Executive Branch Agency should have a Contract Monitor in place.

The terms Contract Manager and Contract Monitor are sometimes used synonymously, but they have different functions within the State of Maryland:

**Contract Manager** – The State’s representative responsible for overseeing the entire lifecycle of a procurement contract to ensure compliance with state laws, regulations, policies, procedures, and best practices. Key duties include contract development and execution, vendor management, risk management, training and guidance, and continuous improvement. The Contract Manager is critical in ensuring fiscal responsibility, legal compliance, and the delivery of high-quality services to meet the needs of Maryland’s state agencies and constituents.

**Contract Monitor** – The State’s representative responsible for administrative functions for a procurement contract, including written direction, invoice approval, monitoring for compliance with terms/conditions, the scope of work and deliverables, monitoring MBE/VSBE and Green Purchasing Program compliance, vendor management, compliance and oversight, and achieving completion on time, on budget, and within the scope of the contract.

## **Acronyms**

**IC** – Internal Clearance  
**OCO** – Office of Contract Oversight  
**CMO** – Contract Monitoring Oversight  
**CMT** – Contract Monitoring Tracker  
**MBE** – Minority Business Enterprise  
**VSBE** – Veteran-Owned Small Business Enterprise  
**MDPA** – Maryland Procurement Academy

## **Procedures**

### **OCO Central Repository/Retention of Documentation**

- The OCO created a central repository for all contract monitoring documentation.
- All DGS OSP Contract Monitor Teams have access to the central repository site and must use it to retain all contract requirements supporting documentation in the appropriate folders to ensure coverage for audit/compliance reviews.

### **OCO Support/Guidance for Contract Monitor Teams**

- The OCO will gather the names of the Contract Monitor Team for the Executive Branch Agency's contracts and request any needed backup contract monitoring personnel to:
  - Ensure the Contract Monitor's responsibilities/tasks are handled effectively and promptly.
  - Ensure 100% vendor compliance with all contract requirements.
  - Ensure 100% DGS-OSP compliance with all contract requirements.
- To monitor the contract effectively, the OCO will provide the Contract Monitor Team with the necessary contract documentation, including copies of all finalized and signed contract documents.
- The OCO may arrange calls/meetings with the Contract Monitor Team to discuss the contract monitoring processes in detail and ensure the Contract Monitor Team is confident in overseeing compliance and performance. The frequency of these calls/meetings will depend on the guidance and support required from the OCO.

### **OCO Contract Monitoring Tracker (CMT)**

- The OCO will provide the Contract Monitor Team with a copy of the CMT document/template. The Contract Monitor Team will be responsible for populating the required information in this document/template and verifying its accuracy by signing off once finalized. The document/template will require the following details:

- **Contract Info Tab:** Basic contract information, including the contract name, number, type, description, terms/renewals/options, award amount, MBE/VSBE goals, and contact information for the DGS-OSP and vendor Contract Monitor Team members.
- **Contract Award Tab:** A list of documents DGS-OSP requires when a 'notice to proceed' or contract award notice is issued.
  - *Note:* These documents may include, but are not limited to, performance/payment bonds, non-disclosure agreements, certificates of insurance, contract affidavits, bid/proposal affidavits, and background check affidavits.
- **Contract Requirements Tab:** A finalized list of all identified contract requirements/deliverables, including the status of each requirement (compliant or non-compliant) for each contract year, along with any associated comments or notes.
- **Billing/Payments Tab:** A standardized spreadsheet that tracks contract spending, such as monthly invoice payments, for monitoring contract underspending or overspending.

### **Contract Monitoring Oversight (CMO) Reviews**

- The OCO representative will arrange the CMO Review schedule as follows:
  - A date/time will be set to review the contract files.
  - A date/time will be set for a call/meeting with the Contract Monitor Team to discuss the review findings report.
- The OCO representative will oversee the review process, which will include the following steps:
  - The OCO representative will randomly select several contract requirements from the finalized/approved Contract Monitor Tracker document and review the corresponding supporting documentation retained in the contract file.
  - A contract requirement will be marked 'compliant' if the supporting documentation is in the file as proof of compliance and the Contract Monitor Tracker will reflect a compliant status/date for the specific contract year.
  - If the supporting documentation is not found in the file, a contract requirement will be marked 'non-compliant', and the CMT will reflect a non-compliant status/date for the specific contract year.
- Upon the completion of the contract review, the OCO representative will prepare a CMO Review Report outlining the specific findings. The Contract Monitor team will receive a copy for review.
- OCO will schedule a call/meeting with the Contract Monitor Team to review the CMO Review Report. The discussion will include an overview of the compliant, partially compliant, and non-compliant requirements identified in the report:

- No further action will be required from the DGS-OSP Contract Monitor Team for compliant requirements.
- The Contract Monitor Team must provide a written response within two weeks of receiving the report for partially compliant and non-compliant requirements.
- The response must be detailed and outline the steps the vendor will take to achieve 100% compliance within a reasonable timeframe.
  - **Note:** The OCO representative will review the responses to the partially compliant and non-compliant requirements during the next scheduled CMO Review. This follow-up will ensure that the Contract Monitor Team has addressed the issues and that the vendor has fully complied.
- The Contract Monitor Team will sign and date the CMO Review Report and return a copy to the OCO representative for inclusion in the contract file, ensuring it is available for future reviews and audits. The contract file will retain a copy of the signed and dated CMO Review Report and the detailed written responses for the partially compliant and non-compliant requirements.
  - **Note:** Signing and dating the CMO Review Report does not indicate agreement with the review findings but confirms that the Contract Monitor Team has received and reviewed a copy of the report with the OCO representative.
- Within 30 days of the due date for submitting written responses to the partially compliant and non-compliant items, the Contract Monitor Team must provide additional written confirmation to the OCO representative detailing the status of these items.
  - This requirement ensures that the Contract Monitor Team has resolved the outstanding issues within the 30-day timeframe. The confirmation must include detailed responses explaining how the issues were addressed and corrected for compliance. The OCO representative will review these 30-day responses during the next scheduled CMO Review.
- The OCO representative will schedule for the next CMO Review, including:
  - A date/time to review the contract files.
  - A date/time for a call with the Contract Monitor Team to discuss the CMO Review Report.

### **Contract Monitoring Training\***

- The OCO will maintain a list of designated Contract Monitor Team members and ensure they are scheduled to attend, successfully complete, and receive certification for the mandatory MDPA “Maryland Contract Monitoring Basics” training.

Additional levels of training will be rolled out in phases as part of the Contract Management Training Program.

- To access the MDPA training sessions, go to the MDPA Procurement Professionals Training and Resources webpage:  
<https://procurement.maryland.gov/procurement-professionals-training-and-resources/>
- Additional Training available: Maryland Department of Transportation (MDOT) “CM 101 Practitioner Development Training”.
  - To enroll, send an email to: [OPQA@MDOT.Maryland.gov](mailto:OPQA@MDOT.Maryland.gov)

*\* **Note:** Contract Monitor Team members are not required to complete any of the above listed training courses before beginning contract monitoring. The OCO representative will collaborate closely with the Contract Monitor Teams, providing support and guidance throughout the contract monitoring process to ensure there are no delays in starting the monitoring process.*

Version Number	Published Date	Reason for Change
v1	3-20-2025	Creation of Policy to effectively and accurately monitor the contracts of Executive Branch Agencies.