



Version 6.1 Updated for the 2021
Project Management Professional (PMP)[®] Exam



Crosswind Success Series: PMP[®] Exam Bootcamp Manual

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Version 6.1 aligned with the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK[®] Guide)* - Sixth Edition, Project Management Institute Inc., 2017

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The following are sensitive areas in contract interpretation:

- The contract replaces anything that was agreed to before it was signed; if it is not in the contract, it is not a requirement
- All the items of the contract should be completed, including reports, quality control, inspections, etc.
- It's better to spell out numbers than use only the numerical symbols
- Any agreement to modify the contract should be created and signed as an attachment to the contract
- If any changes are made to the contract before it has been signed, the changes should be handwritten and initialed by all parties
- Specific details associated with qualification criteria for the work should be defined at an appropriate level of detail; using verbiage such as "system will work" falls short of "system will perform requirements A through Z listed in the scope of work requirements"

The source for the above text is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide) – Sixth Edition*, Project Management Institute Inc., 2017, Pages 482-491

15.3. Control Procurements (Monitoring and Controlling Process Group)

Control Procurements is the process of administering procurement affiliations, tracking buyer and seller performance, making any necessary adjustments to the contract, and closing the contract, if applicable.

The designated contract administrator verifies the product, service, or result that will be provided by the seller as they fulfill the terms and conditions of the agreement. If there are multiple sellers, the contract administrator is also responsible for **managing interface points** between the providers.

There are a number of project processes that can influence, or be influenced by, this process. They include Direct and Manage Project Work (Project Integration Management), Monitor Communications (Project Communications Management), Control Quality (Project Quality Management), Perform Integrated Change Control (Project Integration Management), and Monitor Risks (Project Risk Management).

The cost aspect of this process involves managing payments due to the seller with a focus on paying only for completed work.

The performance aspect of this process involves a review of each seller's performance against the corresponding agreement. If there are any deficiencies, corrective actions must be established.



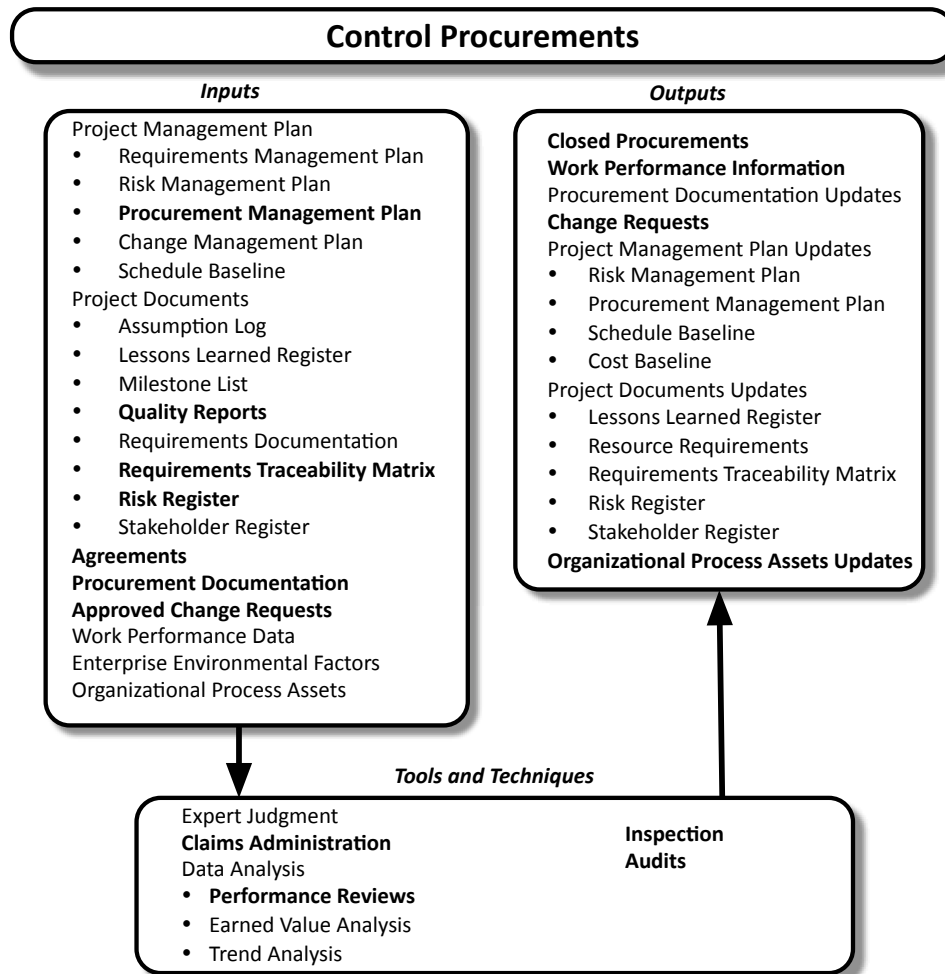


Figure 15-5: Control Procurements Data Flow Diagram

The source for the above figure is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide)* – Sixth Edition, Project Management Institute Inc., 2017, Figure 12-6, Page 492

Control Procurements (Monitoring and Controlling)		
Key Inputs	Procurement Management Plan	The procurement management plan is a component of the project management plan that addresses procurement activities. It details the need for international competitive bidding, national competitive bidding, and/or local bidding and delineates the manner in which external financing is aligned with the plan and the project schedule. It often contains guidelines for coordinating procurement with other project processes (project schedule development and control processes), contract management metrics, activity timetables, constraints and assumptions related to procurement, risk issues related to procurement, and stakeholder roles and responsibilities.
	Quality Reports	Quality reports, which can be presented in graphical, numeric, or qualitative form, can be used as the basis for the performance of corrective action(s) in order to meet project quality expectations. Information included in the reports can include any quality issues promoted by the team, corrective action recommendations, and improvements to a process, project, or product. The reports can also distinguish vendor processes, procedures, or products that do not meet quality expectations.
	Requirements Traceability Matrix	The requirements traceability matrix is a grid used to align requirements to the deliverables that satisfy them in order to ensure that each requirement adds value. The matrix allows the requirements to be monitored throughout the project life cycle and provides a framework for managing scope changes. Requirements can be traced to business needs, project aims, project scope and WBS deliverables, product design and development, testing, and high-level requirements at a minimum. The matrix associates product requirements with deliverables in an effort to ensure that each requirement is tested and that tested requirements increase the overall project quality.

Control Procurements (Continued)

Key Inputs (Cont.)	Risk Register	The risk register records each identified risk including those linked to sellers. A determination of seller-related risks is based on the seller’s organization, the type of contract, the duration of the contract, the project delivery approach, the external environment, and the contract price. The register typically includes the potential owner of and potential response(s) to each identified risk and may include a title, category, status, cause(s), trigger(s), impacted activity(ies), date(s) of identification, date range(s) for probable occurrence(s), and response deadline(s).
	Agreements	For work to be performed by an external source, a contract between buyer and seller is the type of agreement that is typically utilized. The contract is a mutually binding agreement that commits the seller to provide specified products, services, or results and commits the buyer to pay the seller. It represents a legal relationship subject to remedy through the court system. It contains information such as a schedule with milestone dates, performance reporting criteria, pricing/payment terms, inspection/quality/acceptance criteria, warranties, future support requirements, awards and penalties, insurance/performance bonds, subcontractor approval terms, general terms and conditions, change request procedures, termination clause, and processes for alternative dispute resolution. Review of all pertinent agreements is required to determine that their terms and conditions are satisfied.
	Procurement Documentation	Procurement documentation includes comprehensive supporting records for procurement process management, specifically the statement of work (SOW), payment information, contractor work performance detail, plans, drawings, and relevant correspondence.

Control Procurements (Continued)		
Key Inputs (Cont.)	Approved Change Requests	Approved change requests are requests for modification that have been approved by authorized personnel during the formal change control process. The changes can expand or contract the scope of the project and modify policies, procedures, the project management plan, budgets, and schedules. Approved change requests include such items as changes to a contract's terms and conditions, specifically the statement of work, pricing, and depictions of the products, services, or results that will be provided. An approved change implementation should be verified, its completeness confirmed, retested, and then certified for correctness. Any change to the status of a change request must be updated in the change request log.
Key Tools & Techniques	Claims Administration	A claim is a change where the buyer and seller are unable to agree on the cost or that a change has occurred. If a resolution of the claim cannot be reached, the contested change becomes a dispute that is addressed in accordance with alternative dispute resolution (ADR) per the terms of the contract. If the dispute cannot be resolved, it is considered an appeal, which is addressed through the court system. Claims are recorded, processed, monitored, and administered throughout the contract life cycle.
	Performance Reviews	Performance reviews for contracts use metrics, comparison, and analysis to determine any variances in quality, resource, schedule, and cost performance from the terms and conditions set forth in the contract.
	Inspection	An inspection is performed to measure, examine, and validate that the work and deliverables produced by the contractor fulfill the requirements and product acceptance criteria as documented in the contract.

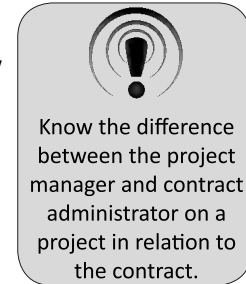
Control Procurements (Continued)		
Key Tools & Techniques (Cont.)	Audits	A procurement audit is a process, performed in accordance with the procurement contract, to determine that procurement activities and deliverables comply with the terms and conditions set forth in the procurement contract. Audit observations should be submitted to the buyer's product manager and the seller's project manager.
Key Outputs	Closed Procurements	Requirements for formal procurement closure are usually delineated in the procurement contract and contained in the procurement management plan. As a rule, the buyer provides a formal, written notice of completion to the seller when all deliverables meet quality and technical requirements and were submitted on time, any claims have been satisfied, and all payments have been made.
	Work Performance Information	Work performance information includes information regarding the performance of the vendor. The vendor's performance is evaluated through a comparison of submitted deliverables, technical performance, and accepted costs to the statement of work (SOW) budget for the work completed.
	Change Requests	Change requests are requests for modification that have not been formally approved through the change control process. Modifications to the cost and schedule baselines or to other impacted components of the project management plan may be requested as the result of procurement decisions.
	Organizational Process Assets Updates	Organizational process assets that can be modified as a result of the control procurements process include payment schedules and requests, the prequalified sellers list, lessons learned, and the procurement file (indexed contract documentation).

Situational Question and Real World Application

The failure to effectively execute the Control Procurements process may result in disputed change requests requiring lengthy negotiations and, as a last resort, alternative dispute resolution. They may also result in the failure to identify seller performance issues in a timely manner and to close contracts correctly.

15.3.1. Contract Administrator

The contract administrator is the manager of the contract. The main responsibility of the contract administrator is **to protect the integrity and purpose of the contract**.



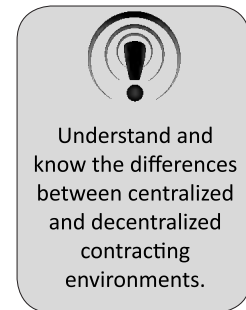
15.3.2. Project Manager in the Control Procurements Area

The role of the project manager during Control Procurements is to help ensure successful execution of the contract. Project managers typically work with the contract administrator to accomplish a successful execution as the scope, terms, and conditions of the contract are defined and as work results become complete. Remember that even though project managers are responsible for delivery of the project deliverables, they cannot change the contract. **Only the contract administrator is authorized to change the contract.**

15.3.3. Centralized and Decentralized Contracting

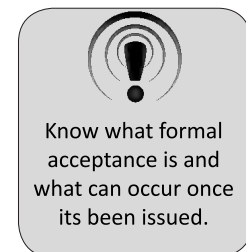
In a **centralized** environment, contract administrators **support each other**. They have **career paths** and likely have a great degree of **shared expertise**.

In a **decentralized** environment, the project **has only one contract administrator who does not have support** from other contract administrators. The position is viewed more as a need instead of a career type position; the person **likely works on only one project**, or is the only contract administrator working on a specific project.



15.3.4. Formal Acceptance

Formal acceptance is a major component of the contract because it represents the buyer's agreement that the outsourced work is acceptably complete.



The source for the above text is the Project Management Institute, *A Guide to the Project Management Body of Knowledge, (PMBOK® Guide) – Sixth Edition*, Project Management Institute Inc., 2017, Pages 492-501