

PROJECT ADMINISTRATION

CONTRACTS

In order to execute a contract, Stanford must have the consultant or contractor respond to a request for proposal (RFP) or some other document describing the scope and nature of the project, the type of professional services required, cost of work, schedule, and the deliverables necessary to complete the project. The RFP package should include a copy of the standard contract so that the consultant or contractor will be able to respond with an understanding of the terms of the proposed contract.

DPM thoroughly reviews (but does not sign) each proposal to ensure that it addresses all work required and includes appropriate fees for all services that have been requested. All exclusions and allowances in the proposal must be stated clearly and agreed to by the Stanford PM. Stanford does not allow the use of vendor contract forms; Stanford Contracts forms are used exclusively. The Procurement Department also will review the proposal to make sure it is consistent with the stipulations in the standard contract. For time-sensitive proposals, DPM and Procurement reviews should happen concurrently to ensure that all required modifications are identified quickly. After this review, and prior to beginning work, the terms surrounding the scope of work must be documented in a bilaterally executed contract.

If there are areas of concern over contract language that cannot be resolved or if any significant alterations are made to the contract, Procurement or DPM may involve Stanford legal advisors. Procurement will handle tasks required to finalize contract terms, review proposed changes with the project manager, and send the contract to the consultant/contractor for signature. The project manager must ensure that communications between Procurement and the consultant continue and that contract terms are settled quickly, as **no work may commence without an executed contract.**

INVOICES AND PAYMENT APPLICATIONS

DPM's policy is to pay all invoices in a timely and expedient manner according to the terms of the contract. To facilitate the timely processing of invoices and payment applications, LBRE financial analysts and accounting associates are integral parts of the project team.

Invoices and payment applications must be mailed, emailed, or hand-delivered to LBRE's Finance Department. All invoices and payment applications are date-stamped upon receipt and logged into DPM's project management database. They are stamped again with a proof of payment that includes the capital account number and the LBRE project number.

The invoices are first routed to the LBRE financial analyst supporting the project. The financial analyst reviews the invoice package to ensure it is accurate, complete, and in compliance with the contract (e.g., that all necessary supporting documentation is included). Once the financial analyst completes the review and follows up on any irregularities, the invoice is forwarded to the project manager for approval.

The project manager reviews the invoice or payment application in accordance with completed work or services and follows up with the vendor on any discrepancies. Once discrepancies are resolved, the project manager approves the invoice by initialing the proof of payment stamp and routes it back to the financial analyst for payment.

The accounting associate logs the project manager's approval into the DPM project management database and routes the approved invoice to the Controller's Office for payment.

LBRE's accounts payable supervisor produces a monthly Invoice Aging Report with a total for each school/department and a breakdown of outstanding invoices by project manager, invoice receipt date, vendor name, etc. Each project manager receives a copy of the report for his/her projects. Invoice aging status is reviewed at the monthly financial review meeting described in the next section.

LBRE Finance reviews a summary of all outstanding invoices, including a list of invoices outstanding for more than 60 days, the reason each invoice has not been paid or is on hold, and the action being taken to pay the vendor.

BUYOUT

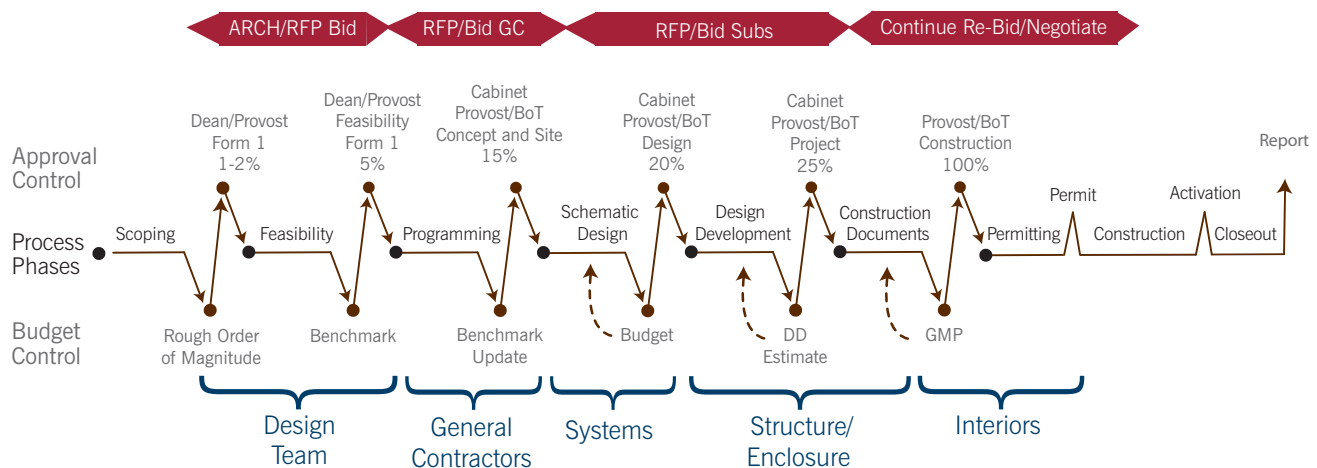
Stanford's buyout is designed to take advantage of team members' specific expertise; define and mitigate project risks early in the process; lock in pricing for major and key materials, equipment, and services; and respond to changing market conditions. The diagram below describes a progressive buyout related to process phases.

The project manager outlines a buyout strategy early in the project. Individual portions of the project are competitively bid throughout the Design phase, committing these portions of the scope and reducing overall project risk. Timing of these selections should be based on specific project risks and market conditions.

DPM employs a design/build delivery model for mechanical, electrical, plumbing, and sprinkler (MEPS) systems, exterior skin systems, and other trades as appropriate to bring a constructability focus to the design and to control the cost/performance of specific systems. The design/build engineers become the designers of record for that portion of the project and are responsible for delivering the quality and cost developed in schematic documents. The design consultants who prepared the SD documents may be engaged throughout the project for services such as peer review, energy modeling, or commissioning.

When schedule is a key project driver, DPM may undertake a "fast-track" delivery model. Fast-track projects assume that the project scope is packaged into separate permit submittals so that site work, structure, enclosure, and possibly core systems construction can begin while interiors are still in the Design phase. The progressive buyout approach supports fast-track delivery, though risks to the program and budget increase because the interior work must comply with the structure as it is built, rather than influence it. If the fast-track method is employed, special attention should be paid to contingency allocation.

PROGRESSIVE BUDGET PROCESS (FAST TRACK)



FINANCIAL REVIEWS AND REPORTING

Each project manager has a monthly financial review to monitor the status of his/her projects. Participants may include the DPM Director, the LBRE Finance Director, the financial analyst, and a Controller's Office representative.

The purpose of the review is to discuss the status of each project and assist the project manager in resolving outstanding issues. Information reviewed includes the summary risk/status report, the Project Status Report, and the Invoice Aging Report. The summary risk/status report includes current project status, financial status and budget log, schedule of milestones, risks to budget, risks to schedule, planned risk mitigation, Board of Trustees review dates, contract status, and contingency status. This information is documented in the LBRE financial database.

The financial analysts reconcile all commitments and expenditures between the LBRE financial database and Stanford's financial system to ensure accuracy. Discrepancies are investigated and resolved on a timely basis.

LBRE Finance also generates the following reports:

Monthly DPM Executive Summary to LBRE Senior Management

Project Status Report on all active DPM projects

LBRE Annual Report to Board of Trustees