



**Government  
of South Australia**

State Procurement  
Board

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**Contract Management Policy**

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## 1. Purpose

This policy outlines the State Procurement Board's (Board) mandated requirements and advises on the management of contracts with suppliers of goods and services.

This policy includes information on:

- the benefits of undertaking effective contract management
- the key requirements of the contract management framework.

## 2. General Principles

The object of the *State Procurement Act 2004* (Act) is to advance government priorities and objectives by a system of procurement for public authorities directed towards:

- a) obtaining value in the expenditure of public money
- b) providing for ethical and fair treatment of participants
- c) ensuring probity, accountability and transparency in procurement operations.

The management of contracts is to have regard to, and be consistent with, these objectives.

All expressions defined in the Act have the same meaning in this policy.

## 3. Policy Statement

Public authorities are required to undertake effective contract management processes in accordance with the mandated requirements outlined in this policy.

## 4. Policy Scope

This policy applies to all public authorities as defined in the Act.

This policy applies to procurements greater than \$550,000 and is not intended for procurements valued up to and including \$550,000 undertaken in accordance with the *Simple Procurement Policy*, although the general principles are suitable for managing all contracts.

All dollar values are GST inclusive.

## 5. Better Customer Charter for Business

The *Better Customer Charter for Business* released in July 2016 outlines the South Australian Government's commitment to being the best public service customer to suppliers and sets out what current and potential suppliers can expect from the government when they bid for procurement opportunities.

The *Better Customer Charter for Business* requires that:

- suppliers be treated fairly, equally and with respect
- feedback from the supplier community be used to identify opportunities for improvement

- barriers to good procurement practice are removed.

Other specific elements of the charter have been incorporated into this policy.

## 6. Definitions

*Contract Management* is the process of pro-actively managing a contractual relationship between a supplier and public authority, including addressing risks and disputes that arise, to achieve the agreed contractual outcomes.

The *Contract Management Framework* outlines the key processes and activities to be undertaken by public authorities to achieve effective contract management outcomes. The framework comprises both organisational requirements that apply more generally, and transactional requirements that apply to specific contracts.

The *Contract Management Plan* is an internal document outlining key strategies, activities and tasks required for managing a contract including but not limited to roles and responsibilities, timelines, performance management and financial matters.

The *Contract Manager* is the person nominated to be responsible for the management of the day-to-day matters of a contract.

## 7. Why is Contract Management Important?

Contract management is an important and integral part of the procurement cycle. Although contract management focuses on the activities to be undertaken after the contract has been awarded and executed, it is strongly influenced by what has occurred in the previous phases of the procurement process, for example, acquisition planning, supplier selection, development of performance measures and specifications.

Effective contract management

- supports the achievement of value for money outcomes by ensuring that all parties to the contract meet or exceed their obligations in line with the contract performance measures, timeframes and expected deliverables
- minimises the risks to the public authority, government and clients
- holds the supplier to account
- prevents misunderstandings about the contract scope.
- promotes innovation and improvement in supplier performance
- assists in developing the capability of both the supplier and the public authority.
- assists with achieving the contract outcomes in a timely manner.

The *Acquisition Planning Policy* enables public authorities to provide high level information about the proposed contract management, transition and implementation strategy and to apply lessons from the previous contract management stage.

Whilst this policy is relevant for all contracts over \$550,000, the policy provides significant benefits to contracts that are high in value, risk or complexity, that are delivered over a longer period of time, have significant implementation issues and involve complex performance measures. Many one off purchases that have minimal management tasks may not require, or benefit from, a formal contract management approach.

Contracts that are high value, risk or complexity also tend to involve a greater focus on non-technical or intangible factors, such as relationships and risk which can have a significant impact on contract performance and outcomes.

Furthermore, the intensity or frequency of contract management activities may vary over the life of the contract, for example, those undertaken in the initial contract phase as compared with the remainder of the contract period after having been in operation for some time.

## 8. Key Requirements

Contract management is a key stage of the procurement process. As such, the principal officer **must** ensure that the public authority has a contract management framework in place.

In particular, the principal officer **must** ensure the following contract management requirements are undertaken:

- an adequately resourced and skilled contract manager **must** be appointed for contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority)
- for contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority), the contract manager **must** have completed the Board's contract management training program (or similar) and undergo refresher training every three years
- for contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority) an approved contract management plan **must** be developed, implemented and monitored (except for contracts that are of a one-off nature and have minimal management tasks)
- an annual contract review report **must** be completed for all contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority) for the consideration of the contract governance committee (where established) or senior managers
- all contract variations **must** be approved in accordance with the contract and the Board's guidance on managing contract variations
- a post-contract review report **must** be prepared for the appropriate senior manager (or where relevant, the governance committee) for contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority).

Other contract management requirements include:

- developing and maintaining local contract management policies and guidelines
- promoting access to the Board's training programs
- disseminating the requirements of the policy to contract managers and other persons involved in managing contracts
- providing advice, as required, to persons involved in managing contracts.

An overview of key contract management activities is provided as Appendix 1.

## 9. Contract Management Framework

The contract management framework outlines the key processes and activities to be undertaken by public authorities to achieve effective contract management outcomes. The framework comprises both organisational requirements that apply more generally and transactional requirements that apply to specific contracts.

The organisational level incorporates the following key aspects:

- privacy and confidentiality
- probity, ethical behaviour, accountability and transparency
- stakeholders
- across government contracts.

The transactional level incorporates the following key processes:

- prepare to manage a contract
- implement a contract management strategy
- implement the contract
- monitor and maintain the performance of a contract
- complete and review the contract.

## 10. Organisational Requirements

### Privacy and Confidentiality

In accordance with the Government's *Better Customer Charter for Business*, suppliers can expect that all commercial information provided will be treated as confidential.

It is important that confidential government, user, client and supplier information is handled appropriately throughout the contract management process in accordance with confidentiality and privacy clauses contained in the contract. These clauses enable specific confidentiality risks to be identified depending on the nature of the contract.

### Probity, Ethical Behaviour, Accountability and Transparency

The *Better Customer Charter* requires that public authorities are honest and fair in commercial dealings, and behave in accordance with the highest ethical standards.

Practices and actions that strengthen probity, ethical behaviour, accountability and transparency include:

- maintaining a written record of all decisions, contract management meeting outcomes, key discussions with suppliers and significant contract management issues including approvals and the rationale for decisions made
- undertaking supplier audits and accessing supplier information where necessary
- undertaking site visits to verify contract undertakings and outcomes
- establishing processes for identifying, declaring and managing conflicts of interest
- providing regular reports on supplier performance to senior management and oversight committees
- the use of a gift register.

The risk of unethical behaviour is an important and real consideration during the contract management phase and involves balancing a number of sometimes competing issues in relation to:

- adhering to the Government's *Code of Ethics for the South Australian Public Sector*
- achieving the contract outcomes
- maintaining a good professional working relationship with the supplier
- avoiding the potential for and the perception of unethical behaviour and conflict of interest.

Effective contract management and good ethical practice is facilitated by maintaining a professional relationship with the supplier and avoiding being 'captured' by the supplier, particularly where the contract has been in place with one supplier for a long period or where the supplier is in a position of market dominance.

Further information is available in the *Probity and Ethical Procurement Guideline*.

### Stakeholders

Implementing effective contract management strategies involves managing the needs and expectations of various internal and external stakeholders. Stakeholders may include end users, customers or clients, managers, sponsors, current or potential suppliers, technical or functional experts or advisers.

The type and frequency of interaction and communication with stakeholders will vary according to the value, risk and complexity of the contract; however it is important that they be considered. These stakeholders may also assist in resolving issues and disputes.

### Across Government Contracts

Managing an across government contract encompasses many of the same issues that apply to a public authority contract, such as ensuring that the contract delivers value for money outcomes.

The contract management activities outlined in this policy are also relevant for public authorities when utilising an across government contract through a secondary procurement process (whether sole supplier or panel contract).

### Industry Participation Policy

The Government's *South Australian Industry Participation Policy* (IPP) outlines various requirements to be applied when undertaking procurements.

In particular, the IPP requires public authorities to:

- monitor IPP Plan commitments as part of their contract management regimes
- obtain regular reports from contractors
- report on IPP outcomes annually.

Further guidance and detail are available in the *South Australian Industry Participation Policy* published by the Office of the Industry Advocate (OIA).

## 11. Transactional Requirements

### 11.1 Prepare to Manage a Contract

#### Appointing a Contract Manager

An adequately resourced and skilled contract manager **must** be appointed for contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority).

For this range of contracts, the contract manager **must** have completed the Board's contract management training program (or similar) and undergo refresher training every three years.

The early appointment of the contract manager allows them to influence the final contract and develop the contract management plan as soon as possible in the procurement process and prior to the contract being awarded. Complex or high risk contracts may require the appointment of a contract management team.

The key roles of the contract manager are to:

- understand the contract requirements and obligations
- ensure the contract outcomes are achieved
- ensure the object of the Act is achieved in relation to contract management
- identify opportunities for realising additional value
- manage and address contract risks
- maintain effective relationships with the supplier and schedule regular contract management meetings
- communicate with users, stakeholders and clients
- ensure that performance measures are met and provide performance reports to senior managers or the governance committee
- certify payments to the supplier for work done (where applicable)
- address problems and conflicts that may arise
- assess and (where required) seek approval for any variations to the contract.

#### Contract Management Plan

The contract management plan:

- is an internal document for documenting the key strategies, activities and tasks required to manage the contract
- provides a systematic and accountable method to ensure that both parties fulfil their contractual obligations.
- relates to the procurement objectives in the acquisition plan
- is used by the public authority to review the performance of the contract and monitor the achievement of the contract outcomes.

The contract management plan is normally drafted before the contract is executed, with the involvement of the contract manager where appropriate.

For contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority) an approved contract management plan **must** be developed, implemented and monitored (except for contracts that are of a one-off nature and have minimal management tasks).

The contract management plan comprises:

Heading	Description
Background information	details of the contract and successful supplier/s and how the need for the contract arose
Purpose and objectives	purpose and objectives of the contract management plan
Procurement description and key deliverables	the objectives of the contract and the key deliverables of the contract
Contract summary	key information on the contract (start and end date, estimated value; contract extension options, etc) and on key clauses such as warranties and intellectual property
Roles and responsibilities and governance	key individuals and their role in managing the contract as well as governance processes in place to ensure effective management of the contract, management of documentation and information, information on key stakeholders and their information requirements
Contract management meetings	information on the frequency of meetings, attendees, reporting requirements, agendas and minutes etc
Implementation approach	details of the implementation approach to the contract including transition in requirements
Risk management and insurance	details on key risks and how they will be managed and insurance requirements
Performance management	details on key performance measures and reporting requirements of the supplier/s
Dispute resolution and termination	the process for dispute resolution and the relevant contractual clause as well as the process and contract clause for termination
Payment terms and arrangements	details on payment and invoice approval requirements, rebates and the payment schedule if relevant
Contract variations and extensions	the process for managing variations and contract extensions
Contract finalisation	including transition out requirements and requirement to complete a post-contract review report

Completing the contract management plan requires professional judgement to determine the level of detail for each heading, which will range from a simple statement to more comprehensive detail and information, depending on the value, risk and complexity of the contract.

A *Contract Management Plan* template can be used.

Although the contract management plan (or a condensed version) can be used for contracts valued at less than \$4.4 million, a contract management checklist is provided as Appendix 2 as a useful tool for keeping track of activities related to managing such lower value contracts.

## Governance and Oversight

An oversight or governance committee is often established to oversee contracts of high value, risk or complexity and membership may comprise senior public authority staff, users, business unit representatives, as well as the day to day contract manager. Alternatively, the public authority's existing governance committee (for example, Accredited Purchasing Unit) may be designated to oversee a specific contract.

## Contract Risks

Managing risk is central to effective contract management and involves developing and monitoring relevant risk minimisation strategies, including those related to contract risks previously identified in the acquisition planning and supplier selection phases.

Insurance is a key part of a risk management strategy and the supplier is required to maintain all insurance policies as outlined in the contract. The supplier's insurance certificates are to be verified as current throughout the contract period.

Further information on managing contract risks and examples are provided in the *Risk Management Guideline*.

## **11.2 Implement a Contract Management Strategy**

### Relationship Management

An effective professional supplier relationship underpins successful contract management, with the contract manager being the key link between the public authority and the supplier.

An ineffective or difficult relationship may result in the supplier taking a more adversarial approach or being less willing to provide quality services.

Whilst a professional relationship is important, meeting the contract requirements and conditions is the key objective of contract management.

### Communication

Good communication is crucial to developing and maintaining a professional relationship.

Communication strategies may include:

- setting up regular meetings with the supplier to review progress and discuss opportunities for improvement
- protocols for dealing with clients and stakeholders
- a system to monitor milestones and key deliverables
- advising users/customers of the key aspects of the contract and the supplier
- ensuring the flow of relevant information at critical stages of the contract.

Formal communication in relation to the contract is preferably channelled through the contract manager.

## 11.3 Implement the Contract

### Start-up Tasks

Once the contract has been executed, initial tasks undertaken by the contract manager include:

- convening an initial contract management meeting with suppliers, public authority representatives and stakeholders to ensure that all parties have a clear understanding of their responsibilities and obligations
- confirming the contract risks and developing strategies to monitor and manage these risks
- enabling the supplier to commence work including arranging induction to the work site and the issuing of appropriate documentation, for example, health and safety, permits
- establishing files to record or store relevant documentation.

### Implementing the Contract

Effective contract implementation ensures that a new contract is quickly established and operational from the outset in order to meet the contract objectives and deliver the required services or goods to clients and end users.

Effective contract implementation offers transparency for the new supplier, provides flexibility and discretion where required, while minimising risks.

Effective contract implementation involves communicating the existence of the contract to users and stakeholders, describing what they are required to do and how feedback on user satisfaction will be collected. This will ensure a shared understanding of what goods and services the contract will be provided, who is responsible for the key contract tasks and what can be done to minimise risks of failing to achieve the contract outcomes.

The interests and needs of key stakeholders and users will determine the most effective means of communicating with them, for example, newsletters, face to face briefings and email.

Persons involved in this communication may include procurement staff, the contract manager, finance officers, business unit staff, marketing people, supplier representatives and user representatives.

Implementation activities will require good preparation to be undertaken concurrently with the procurement process, so that the implementation process can be negotiated and finalised with the successful supplier and key persons involved.

The implementation period commences at the awarding of the contract and in some cases, can last up to three to six months before ongoing contract management and monitoring activities take precedence.

## Service Continuity and Transition

Transition from one supplier to another or from one contract to another involves careful planning and communication to ensure a smooth handover and the continuity of service provision. The transition period can entail high risks and stress on both parties and can involve unforeseen costs and claims (from the original or new supplier).

Some contracts warrant the development of a transition plan and/or the establishment of a transition team to manage and monitor the process. A transition plan identifies and addresses risks allowing the transition to occur with minimal disruption to existing services and for improving systems and procedures.

A transition plan is particularly useful where there are:

- complex or essential service contracts in place
- significant assets or intellectual property that will become the property of the public authority or new supplier
- security or safety issues.

The new supplier may also have a number of issues to consider including:

- outstanding warranty matters
- obtaining previous contractual records and information
- obtaining access to premises and assets
- understanding any areas in which the previous supplier did not perform adequately.

In complex cases, the transition period may occur over a period of time but still finish prior to the original contract ending. Where this cannot occur, it may be necessary to extend the original contract before it expires.

A review of the transition phase may be useful for determining improvements and identifying issues that may have to be addressed in the contract management phase.

## Payments

Timely payments made in accordance with the contract's payment clauses are important in maintaining a good supplier relationship.

Payments are subject to the contract manager (or other appropriate person) certifying, where relevant, the satisfactory receipt of the goods or services and/or the achievement of relevant performance measures.

Some contracts may stipulate when payments are to be made and may involve penalties or incentive payments, in accordance with Government policy and legislation.

A compliant tax invoice is used to obtain appropriate authorisation before payment is made, with documentation and evidence of completion of the work recorded and documented in the file for audit purposes.

## Record Keeping and Documentation

Keeping records is a crucial aspect of good contract management in accordance with the requirements outlined in the *State Records Act 1997*.

It is important to maintain all significant documents that relate to the contract management phase.

These may include, but are not limited to:

- risk monitoring and assessments
- the original contract and contract management plan
- approvals sought and/or obtained
- minutes of contract management meetings and significant communications with the supplier
- where applicable, records of payments
- performance reports, assessments, feedback or non-compliance issues
- variations or extensions to the contract
- disputes and related resolutions and discussions
- legal or technical advice received.

## **11.4 Monitor and Maintain the Performance of a Contract**

### Performance Measures and Data Collection

Performance measures link to the original procurement objectives and will have been agreed to by the parties as documented in the contract. Effective performance measures tend to be outcome focused, able to be measured objectively, understood by all parties and reflect the key aspects of the contract.

Examples of performance measures include:

- targets to be met
- key steps or milestones
- achieving payment deadlines
- client feedback or customer service metrics
- technical considerations
- quality, safety, environmental or social outcomes.

Systems for collecting relevant data are best established from the commencement of the contract, with the data discussed with all parties at the regular contract management meetings.

Data may relate to financial, quality, safety or technical aspects of the supplier's performance and is typically objective and quantifiable. Qualitative data may also be collected, for example, through client and user surveys.

### Stakeholder and User Feedback

The identification of key stakeholders enables feedback to be obtained throughout the life of the contract. This feedback will relate to the quality and level of services they are receiving, in line with the specifications and scope of the contract and is collated systematically through mechanisms such as surveys, incident log books, questionnaires, telephone or face-to-face enquiries and then analysed and documented.

Feedback is not to be considered in isolation to other performance measures and, together

with other performance data, can provide a more comprehensible picture against the established performance measures. By itself, client feedback may not represent the total or majority client /user experience as it can skew towards the negative as more unsatisfied clients are likely to log an issue.

In some cases (for example, in contracts relating to complex or highly technical matters), an independent assessment or periodic audit can determine whether the performance measures have been met.

Change requests are submitted through the contract manager to minimise additional demands placed on the supplier by clients and users.

The use of a business continuity strategy ensures that clients and users have access to essential services in the event of a serious failure by the supplier in performing their responsibilities.

### Contract Management Meetings

The *Better Customer Charter for Business* iterates the importance of engaging with suppliers to identify opportunities for improvement and remove barriers to good procurement practice. Regular scheduled contract management meetings with the supplier are important to monitor contract activities and to discuss improvement opportunities.

The public authority is best placed to determine the frequency of these meetings, but as an example, the majority of medium to longer term contracts may require regular contract management meetings on a quarterly basis, with short term contracts (for example, less than six months) or those that have higher risks, being undertaken on a more regular basis.

Effective contract management meetings utilise a formal agenda to guide the discussion towards improving contract outcomes. Key contract management meeting outcomes, decisions or follow up actions are appropriately documented.

### Contract Reviews

Formal contract reviews are a crucial aspect of managing the contract and ensuring accountability and transparency.

An annual contract review report **must** be completed for all contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority) for the consideration of the contract governance committee (where established) or senior managers.

Questions to consider in undertaking a formal annual contract review may include:

- Have the contract key performance indicators been met?
- What is the status in completing the contract milestones?
- What are the areas where implementation has not been completed?
- What is the status of risk management strategies?
- Are there any unresolved performance issues, problems or contractual matters which need to be addressed with the supplier?
- What are the learnings to date?

- What opportunities are there to improve contract outcomes?
- Are there any other relevant issues for future procurements?

All other contracts are reviewed on a regular basis commensurate with its value, risk, complexity and length, with the public authority best placed to determine the frequency of these reviews.

In some cases, the nature and timing of reviews are outlined in the contract. In addition, there may be occasions where an ad-hoc contract review is warranted, for example, in addressing a serious breach in service delivery.

An *Annual Contract Review* template can be used.

### Managing For Non-performance or Underperformance

Where the supplier's performance is found to be inadequate, the supplier is able to remedy the situation and agree to improvement actions. These discussions and actions are documented and the outcomes monitored at regular contract management meetings.

### Dispute Resolution

No matter how well the contract is managed and how thoroughly the practices outlined in this policy are implemented, disputes can occur over the life of the contract. The key is for problems to be anticipated, where possible, and resolved at an early stage before they become more entrenched and difficult to address.

The *Better Customer Charter for Business* requires the prompt resolution of complaints by providing suppliers access to a timely, clear and independent dispute resolution process.

It is expected that the contract will outline the dispute resolution and escalation process to be followed including mechanisms that can be used for resolving formal disputes such as negotiation, arbitration, mediation and litigation. Advice from suitable experts such as the Crown Solicitors Office is available before formal action is taken in such disputes.

Disputes are commonly about the interpretation of contract clauses, definitions of deliverables or performance measures. There can also be disagreements over requirements, delivery schedules, price changes, additional tasks, payment schedules and complaints by third parties. Sometimes disputes can occur over the scope of the contract or when unexpected things occur.

In an environment of trust and cooperation, most disputes are relatively minor and can be resolved quickly. Suppliers will be informed of any problems in writing and given an opportunity to respond.

Formal disputes are to be avoided where possible as they can affect the goods or services provided to the public authority and undermine the relationship. However, it is important to stress that the role of the contract manager is to protect the interests of the public authority and the government.

Termination and legal action are only to be considered as a last resort after all reasonable attempts to resolve the issue have been made. A termination clause is usually provided for in the contract for this purpose.

## Exercising Contract Extension Options

A contract extension is the exercising of a contract option to extend the agreed terms for a further period subject to the agreement of both parties. Contract extension options are outlined in the contract and state who can exercise the contract option (i.e. one or both parties).

In exercising an extension option, consideration is given to whether the extension option provides value for money to the public authority and whether the contract has achieved what was expected.

Extension options are approved in accordance with the process outlined in the contract.

Negotiations generally commence well before the expiry date in case the extension is not taken up and a new procurement is undertaken. Contract extensions are exercised before the contract expires as once a contract has expired, any further extension of the contract with the current supplier is not considered to be a contract variation but a new procurement process.

A *Contract Extension Letter* template can be used.

## Contract Variations

A contract variation is an addition or alteration to the original contract.

Variations may be proposed by either party and may refer to adding, removing or changing an existing contract provision and may include a change to:

- the scope of the contract
- the value of the contract
- the contract options to be exercised
- prices
- quantity
- specifications.

Variations can be a normal part of contract management and careful planning in the preparation of specifications minimises the potential requirement for contract variations and avoids unnecessary and unplanned variations. It is important that variations not be used to address, or compensate for the absence of, poor procurement management planning processes.

All contract variations **must** be approved in accordance with the contract and the Board's guidance on managing contract variations.

The procedures for varying and amending contracts are included in the contract and managed by the contract manager.

An assessment of the proposed variation is made in terms of its impact on the contract deliverables, price, timeframes and objects of the Act (including value for money outcomes, probity, transparency and accountability). The level of variation is to be determined in terms of whether it is insignificant, minor, moderate or major.

Variations do not change the original objectives of the contract or breach government policy or legislation. Variations are considered in line with the procedures set out in the contract, agreed to in writing by both parties and be approved by the appropriate authority.

The following guide is provided for each type of variation.

Measure	Description	Approval Requirements
Insignificant	No potential to negatively impact the contract deliverables, price, timeframes and objects of the Act (including value for money outcomes, probity, transparency and accountability).	A note is recorded in the relevant file.
Minor	Limited potential to negatively impact the contract deliverables, price, timeframes and objects of the Act (including value for money outcomes, probity, transparency and accountability).	A note is recorded in the relevant file.
Moderate	Moderate potential to negatively impact the contract deliverables, price, timeframes and objects of the Act (including value for money outcomes, probity, transparency and accountability).	Approval is sought from the approving authority of the acquisition plan.
Major	High potential to negatively impact the contract deliverables, price, timeframes and objects of the Act (including value for money outcomes, probity, transparency and accountability).	Approval is sought from the approving authority of the acquisition plan.

In high risk or complex cases, it is recommended that advice from the Crown Solicitor's Office be sought before such authorisation is given.

Irrespective of the assessed impact, approval is sought from the Board where the variation takes the total value of the contract above the agency's procurement authority. In the case of a contract/s which resulted from an original approval of the Board, or a contract/s where the Board has approved a previous variation due to the total value of the contract/s, the public authority assesses the variation's measure of impact to determine if further approval is required from the Board.

Where the contract variation would increase the value of a contract, financial authorisation of the variation is obtained (where required) in accordance with *Treasurer's Instruction 8 Financial Authorisations*.

## 11.5 Complete and Review the Contract

### Post-Contract Review

A post-contract review (also known as contract closure report) is conducted at (or near) the end of the contract period to review how the contract has performed.

A post-contract review provides valuable lessons for the acquisition planning, supplier selection and contract management process when a new procurement is undertaken, including contract renewals.

A post-contract review report **must** be prepared for the appropriate senior manager (or where relevant, the governance committee) for contracts valued at or above \$4.4 million and significant contracts below \$4.4 million (as determined by the public authority).

Questions to consider in reviewing the contract include:

- what was the supplier's overall performance?
- were there were particular problems with the performance of the supplier (e.g. on time, on budget, quality)?
- did the contract achieve value for money? How?
- what were the main overall benefits delivered by the contract?
- would you use the supplier again?
- what savings were achieved by the contract?
- is the contract to be renewed?
- what are the learnings and opportunities to improve future contracts/ procurements?
- are there any other relevant issues for future procurements?
- are there any other matters requiring attention?

A *Post-Contract Review* template can be used.

### End of Contract Process

Various matters are considered at the end of the contract including whether:

- all outstanding contract actions have been completed, including deliveries
- required documents, equipment or other goods have been returned
- appropriate documentation has been maintained and stored
- all payments and financial obligations have been completed and reconciled
- there are any outstanding reports or disputes
- any warranty issues are still outstanding
- there are any legal rights and obligations on the parties that may survive after the contract has closed
- access arrangements have been terminated or revoked, including security passes.

The following documents and records are (where appropriate) stored securely at the end of the contract:

- risk assessments for completing the contract
- contract management plan
- post-contract review reports (including lessons learned)
- records of equipment, documents or security/access passes being returned



- verification of the delivery of all goods and services (where appropriate)
- written feedback to the supplier and from the supplier
- reports to and from users and stakeholders.

## 12. Further Information

State Procurement Board Secretariat  
Phone: (08) 8226 5001  
Email: [stateprocurementboard@sa.gov.au](mailto:stateprocurementboard@sa.gov.au)  
[www.spb.sa.gov.au](http://www.spb.sa.gov.au)

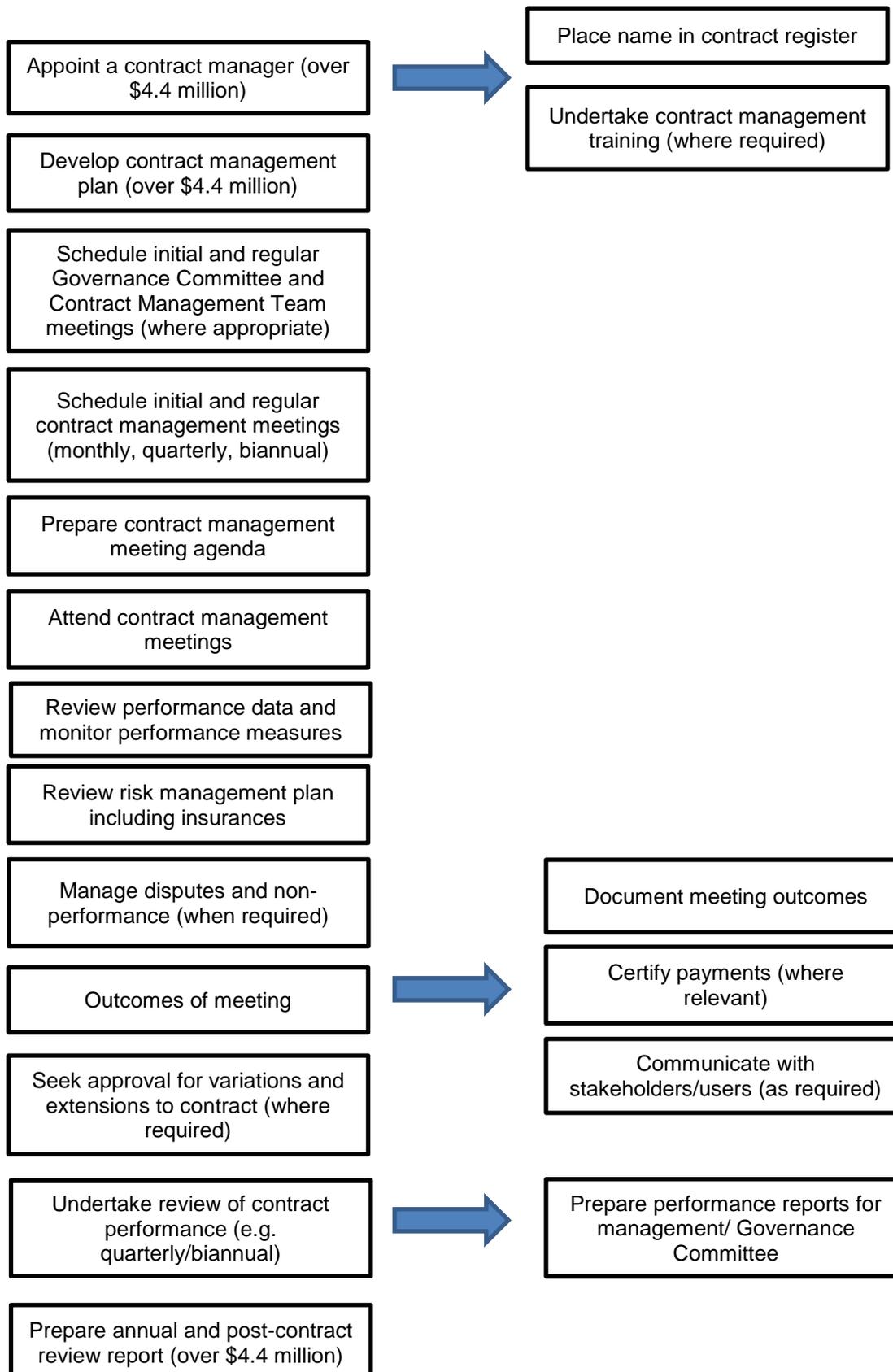
## 13. Related Policies and Guidelines

SPB Acquisition Planning Policy  
SPB Supplier Selection Policy  
SPB Risk Management Guideline  
SPB Probity and Ethical Procurement Guideline  
*SA Government Industry Participation Policy*  
*DPC Circular PCO33 Industry Participation Policy*

## 14. Templates

Contract Management Plan  
Post Contract Review  
Annual Contract Review  
Contract Extension Letter

## Appendix 1 Overview of Key Contract Management Activities



## Appendix 2 Contract Management Checklist

*This checklist is designed to assist the contract manager ensure that key contract management activities have been considered in the contract management phase.*

*The checklist is particularly relevant for contracts valued at less than \$4.4 million where a formal contract management plan has not been developed.*

### Prepare to Manage a Contract

- A suitably skilled contract manager has been appointed.
- The contract has been read by the contract manager and its requirements and conditions are understood.
- A file has been established for this contract.
- Roles and responsibilities for managing the contract have been identified and are understood by the relevant parties.
- Obligations in relation to probity and ethical behaviour are understood.
- There is no conflict, or potential conflict, of interest in managing this contract.
- Contract risks and risk management strategies have been identified and will be implemented and monitored during the contract management phase.
- The supplier's insurance certificates are current and will be verified as current throughout the contract period.

### Implement a Contract Management Strategy

- Strategies to develop and maintain the supplier relationship have been developed and include regular contract management meetings.
- Effective communication will be undertaken with the supplier, stakeholders, users and persons involved in managing the contract.
- Appropriate documentation and records will be kept including minutes of contract management meetings and key approvals.

### Implement the Contract

- The Government's *Code of Ethics for the South Australian Public Sector* will be observed and applied in managing the contract, particularly in relation to gifts and gratuities.
- Payments to the supplier will be made after relevant contract requirements have been met and verified and a compliant invoice received.
- Transition in and transition out strategies will be developed and considered as appropriate.



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### Monitor and Maintain Performance of a Contract

- Performance measures have been identified and will be used to monitor the success of the contract implementation.
- Appropriate data will be collected and reviewed (including client feedback) to ascertain the performance of the supplier against relevant performance measures.
- Disputes will be managed and resolved in accordance with the agreed contractual dispute resolution process in a cooperative and professional manner.
- Regular reports will be provided to the appropriate delegate/manager as required on the performance of the contract including a post-contract review report at the end of the contract.
- Any required variations to the contract will be considered and approved by the appropriate delegate and a record kept in the file.

### Complete and Review the Contract

- A post-contract review is conducted at (or near) the end of the contract period to review how the contract has performed and a report provided to the appropriate manager.
- Various end of contract matters are considered at the end of the contract including outstanding contract actions, payments and financial obligations, final reports or disputes, warranty issues and access and security arrangements.
- Store documents and records (where appropriate) securely including risk assessments, contract management plan, review reports and written feedback.