

# Contract Management Procedure

October 2016

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## Version Control History

Version Number	Date of Change	Summary of Revisions Made
2	October 2016	Footer updated to reflect new template model.  Changes to Job Titles; change to frequency of Hunter Audits from Weekly to Monthly; Change reference to Perth College to Procurement Journey to Procurement Step by Step Document.

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# Contract Management Procedure

## 1 Purpose

- 1.1 Contract management applies to the phase of the procurement cycle in which the selected contractor delivers the required goods, services or works in accordance with the terms and conditions of the contract.

The approach taken to managing the contract and the relationship with a supplier is important to ensuring successful contract delivery and best value for money.

Contract management is necessary to:

- Ensure the objectives of the contract are delivered;
- Ensure the goods/works/services provided comply fully with the requirements as detailed in the contract specification and/or terms and conditions;
- Ensure the roles and responsibilities of those involved in the process are clearly defined and understood;
- Ensure all anticipated benefits are fully realised;
- Ensure accountability and effective control of budgets;
- Provide evidence of regular contract monitoring and audit trail of issues raised and resolved;
- Ensure continuous improvement in terms of quality, cost, sustainability and service.

Simple purchase contracts will usually only require inspection on receipt of goods to ensure the order has been accurately supplied. For complex or high value contracts, the approach needs to be more structured and formalised.

## 2 Scope

- 2.1 This procedure applies to all Perth College contracts for works, goods and services. However, the extent and approach needs to be proportionate to the value of the contract, the risk to the organisation in the event of non-delivery and the complexity of the requirement.

## 3 Definitions

- 3.1 Contract Manager – the member of Perth College staff nominated during the tender process who will manage the performance of the appointed contractor. This will usually (but not always) be a member of the College Management Team.
- 3.2 Low Value – this is determined as an overall contract value of less than £50,000. Contract values are aggregated over 4 years, so this equates to an annual spend of less than £10,250. Contracts below this would be considered low value.

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## 4 Responsibilities

- 4.1 Upon the award of a contract, a Contract Manager will be appointed who will be responsible for ensuring full compliance with the contract.
- 4.2 The Contract Manager will also be responsible for ensuring that any failure is dealt with promptly and in accordance with the conditions of the contract.
- 4.3 The Head of Learning Resources will support Contract Managers in the application of this policy and provide training as necessary.
- 4.4 Quality approval check of this procedure is the responsibility of the Head of Quality who will arrange for the procedure to be posted on the College website.

## 5 Procedure

- 5.1 Effective contract management should be based around the following procedure:

- Contract Manager should hold a start-up meeting with the successful contractor following the award to ensure that there is a clear understanding of all contract requirements and to agree key performance indicators against which performance will be measured.
- Contract Manager should arrange regular review meetings with the contractor's representative to monitor performance against KPIs.

Initially these should be held quarterly, but in contracts where there are no performance issues, the frequency can be reduced, but should be no less than once per year.

These review meetings should include feedback from contract users (gathered prior to the review meeting) and also from the contractor themselves.

- Records should be kept of all meetings with contractors. These should be uploaded to the contract management records on PerthNet.
- Evidence should be kept of poor/unsatisfactory performance to support continuous improvement and to build up a performance history. This evidence will be required if an early termination of the contract due to poor performance is necessary.
- Certification (where appropriate) should be received to confirm that the goods/works/services have been completed/delivered to the required standards and within the contracted timescales. Payment may be withheld if this certification is not provided.

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- All invoices for works/goods/services should be checked and payment made within the agreed timeframe stipulated in the contract terms and conditions.

5.2 Poor or unsatisfactory performance should not be ignored and the nominated Contract Manager should, through effective monitoring and management, work with the contractor to ensure that they do meet contract requirements.

- The contractor should be made aware at regular review meetings of the particular areas of the contract which are causing concern and given the opportunity to improve performance.
- If this resolves the issue, performance should continue to be monitored closely.
- If the contractor continues to fail to meet key contract requirements, the matter should be escalated as per the escalation procedures detailed within the contract documentation. This may involve the creation of an action plan to deliver improved performance, which meets the required standards within a specified period to be agreed with the contractor.
- If following this second step, performance has still not improved, it may be necessary to prepare an exit strategy and terminate the contract. This is a serious step and should not be considered unless there is clear documented evidence of under-performance; an audit trail of meetings with the supplier where these issues have been raised; and an action plan for improvement which has not been achieved.
- Termination of a contract should be discussed with the International and Corporate Services Director prior to any action being taken. Legal advice on termination and remedies for both parties in the event of an unplanned exit may also be required.

### 5.3 Record Keeping

There is a standard template for all contracts, which will be uploaded to PerthNet upon contract award. This will detail all terms and conditions associated with the contract, performance measures and record all meetings, action points and performance issues. It is the contract manager's responsibility to keep this up to date.

### 5.4 Audit, Monitor and Review

A monthly audit of Hunter, the APUC contract database, will be carried out by the Procurement Assistant. The purpose of this review is to ensure the accuracy and monitor the completeness of the contract data. Any inaccuracies should be reported in the first instance to the Head of Learning Resources and resolved through interrogation of the contract detail. If resolution is not possible, this will be escalated to both the Contract Manager and the International and Corporate Services Director.

## 5.5 Reporting

The weekly audit will provide a forward plan detailing contracts which are coming close to expiry. The Procurement Assistant will advise the Contract Manager of any contracts within 6 months of their expiry date, whether there is a possible extension that can be exercised, or whether the contract will require to be competed. When confirmation is received from the Contract Manager of the desired course of action – contract extension or re-tender – this will be pursued by the procurement team.

## 6 Linked Policies/Related Documents

- 6.1 Procurement Strategy.
- 6.2 Procurement Policy.
- 6.3 Procedure for Tendering.
- 6.3 Selection of Suppliers Procedure.
- 6.4 Perth College Financial Regulations.
- 6.5 Perth College Step by Step Guide.

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## Appendix A – Contract Management Checklist

- Ensure the right contract is in place – this process will start before the contract is awarded with the invitation to tender documentation.
- Ensure that the most appropriate person is nominated as contract manager.
- Manage all aspects of the contract – including service delivery, relationship management and contract administration.
- Ensure that there are mechanisms in place for feedback on contractor performance.
- Establish required levels of service with the contractor and ensure that these are maintained.
- Ensure that value for money is being achieved.
- Ensure that any risks emanating from the contract are identified and appropriate control measures are in place.
- Ensure that continuity of service can be achieved.
- Ensure effective communication with the contractor.
- Deal with problems promptly.
- Keep accurate records of all meetings and maintain contract documentation.
- Seek continuous improvement.

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