



Oifig um Sholáthar Rialtais
Office of Government Procurement

Contract Management Updated Guidance

Agreed at OGP Procurement Executive Meeting 23
June 2014

1. The “Contract Management” activity is divided into three phases:
 - Phase 1. Sourcing Planning:** “pre-tender” planning on how the contract(s) will be operationalized “on the ground”, how performance will be measured and how the customer & supplier relationship(s) will be managed (to be reflected in ITT docs).
 - Phase 2. Contract Formation & Mobilisation:** “post- tender” planning in relation to the detailed contract schedules, delivery, specific customer requirements (if applicable) and mobilisation and transition to the new contractor
 - Phase 3. Contract Operation:** Management of the actual delivery of the goods, services or works to the agreed standards, as outlined in phases 1 & 2.
2. The RACI chart (unless otherwise specified) applies only to contracts that have been let by the OGP / Sector Sourcing Organisations
3. High level descriptions of activities are set out here. Detailed descriptions to be added later.
4. The RACI chart provides a framework within which the key responsibilities and accountabilities are defined against the activities within the three phases. In some circumstances (denoted by an asterisk *) the RACI’s may need to vary in order to take account of the “*strategic importance of the contract and / or the specificity of customer requirements*”. See Final Slide

Recap on RACI

RACI – “Responsible”	Position / person working on delivering a process step or activity. This person carries out the task.	<i>“The doer”</i>
RACI – “Accountable”	Position / person with overall Yes / No authority over a process step or activity. This person is ultimately responsible and owns the decision.	<i>“Ultimately answerable”</i>
RACI – “Consulted”	Position / person involved prior to the decision being made. This person needs to be actively engaged in order to ensure that their views / the views of the stakeholder group that they represent are factored in.	<i>“Needs to be actively engaged”</i>
RACI – “Informed”	Position / person that needs to know of the decision or action. This person needs to be communicated to as part of this process step or activity, but may not be activity involved in a decision making process.	<i>“Needs to be kept in the loop”</i>

Phase	Key Activity	Customer	OGP & Sector Sourcing Organisation					
			Cust' Service	Cat' Council	Cat' Lead	Sourcing Team	Op's	Policy/ Legal
1. Sourcing Planning	a. Defining the approach to Contract & Supplier Relationship Management	C* or I		I or C*	A	R		C
	b. Defining SL's, KPIs, measures & escalation	C* or I	C		A	R		I
	c. Defining compliance & savings measures	C* or I			A	R		C
2. Contract Formation	a. Finalise Contract Doc'/schedules	R* or I				R*		I
	b. Facilitating Transition to new arrangements	R	I		A	C		
	c. Provision of CM Guidance & Training to customers	C* or I	I		A	R		
3. Contract Operation	a. Uploading contracts on customer systems	R & A			I		I	
	b. Ordering , Expediting & Receipting	R & A						
	c. Day to Day Performance & Issue mgt	R & A				C*		
	d. KPI monitoring & feedback to "Sourcing"	R & A			I**		I	
	e. Recording compliance to policy & savings	R & A		I**	C*		I	I
	f. Periodic Contract Performance Review	R & A	I	I**	C			
	g. Supplier Relationship Management	I or C*	C	I*	R & A			
	h. Dispute escalation & resolution, change control, contract extensions, termination	R* or C	I	I*	R & A	C		C

Key: * Dependant upon strategic importance of the contract and / or the specificity of customer requirements

** At aggregated / national/ regional level only

Key Activity	Description
1a. Defining the approach to Contract & SRM	Agreeing the relative strategic importance of the required items to customer operations including the risks of disruption to supply, and consequently the nature, duration and key elements of the required contract(s) & SRM including dispute resolution
1b. Defining SL's, KPIs, measures & escalation	Balancing cost and required service levels. Setting out the appropriate KPIs measures and metrics, and the means of capturing the required data to measure supplier performance. Identifying trigger points for dispute escalation or positive recognition
1c. Defining compliance & savings measures	Clarifying what is meant by "compliance" in the context of the contract(s) and linking this where applicable to payment and savings measures. Confirming savings methodology.
2a. Finalise Contract Documents	Completing the detailed customer specific schedules/ annexes to (standard) contracts with customer involvement if applicable.
2b. Facilitating Transition to new arrangements	All internal and external communications, system changes, and activities required to move from an existing incumbent supplier(s) to the new arrangements
2c. Provision of CM Guidance & Training to customers	Development and dissemination of Contract Management "handover pack" to customers containing a mix of general and specific guidance on how to manage "the contract" in plain English. May be supplemented by training and/or seminars
3a. Uploading contracts on customer systems	Activities required to upload new contract to customer Finance/Payment ERP system so that ordering and payment can be made as per contract (and spend data captured)
3b. Ordering , Expediting & Receiving	Customer "Business as Usual" activity to create, authorise and transmit purchase orders to suppliers for requirement fulfilment. "Order chasing" if required and receiving.
3c. Day to Day Performance & Issue mgt	Regular routine meetings with suppliers to discuss performance/ customer feedback/ operational issues and improvements for both sides if required. Template available.
3d. KPI monitoring & feedback to "Sourcing"	Regular capturing of KPI data e.g. on time / full load deliveries, response times to call outs/first time fixes, collated and returned to Sourcing Organisation operations team for monitoring at national level
3e. Recording compliance to policy & savings	Reporting on "contract leakage" (situations where framework contractors not used / unable to supply) with reasons, reporting on volumes purchased X price v previous period to calculate savings
3f. Periodic Contract Performance Review	Formal, typically annual review of contractor performance against KPIs, customer satisfaction. Detail and depth will vary greatly depending upon strategic importance of contract to customer. Template available
3g. Supplier Relationship Management	On going engagement and management of suppliers by the Sourcing Organisation at Framework level to drive improvements in VFM/ innovation / mutual cost reduction, transactional efficiency etc
3h. Dispute escalation & resolution, change control,	Contractual matters that go beyond day to day issues outlined "C" that should be managed at framework level. (May be escalation from "C" and "F"). Includes contract extensions and decisions to terminate

“strategic importance of the contract and / or the specificity of customer requirements”

The Sourcing Organisation will challenge customer requirements with a view to seeking to simplify, standardise and share specifications and requirements, KPI's etc, in order to reduce unnecessary costs, wherever they arise in the procurement cycle. This approach extends to Contract Management where a standardised approach with a stable set of RACIs is the objective. There will however be circumstances where customer responsibilities and accountabilities will need to be tailored to the situation. These circumstances will be evaluated by the Portfolio Manager and include, but are not limited to the following :

- Complexity of customer requirements / legacy requirements
- Specific category legal or regulatory requirements
- Criticality of supply to customer operations
- Uniqueness of customer requirements v risks & costs associated with variety
- Monopoly or un-competitive market supply situation
- Unstable or declining supply market