

## Contract Management Policy

### Purpose

This policy outlines the requirements for South Australian public authorities ('public authorities') to undertake effective contract management practices in order to achieve value for money.

### Special Transitional Requirements

Prior to 30 June 2022, public authorities are required to manage the following class of contracts in accordance with the Contract Management Policy issued by the State Procurement Board and which was in effect and applicable to a public authority immediately prior to the commencement of the *State Procurement Repeal Act 2020*:

- those contracts entered into on or before 1 July 2021 by or on behalf of a public authority that resulted from a procurement operation conducted under the procurement framework established by the State Procurement Board (as opposed to a procurement framework for the purposes of *Treasurer's Instruction 18 – Procurement*).

For the avoidance of doubt, the following Contract Management Policy issued by Procurement Services SA applies to contracts which have resulted from procurements undertaken by public authorities under *Treasurer's Instruction 18 – Procurement*.

These Special Transitional Requirements will expire on 30 June 2022.

### Contract Start-Up

#### Contract Risk and Complexity Assessment

Public authorities will review the risk and complexity assessments that were undertaken during the planning and sourcing stages and will update as required.

The contract will then be classified as either transactional, routine, complex or strategic based on the level of complexity, risk profile and value of the contract. The classification process is critical to understand its business impact and the resourcing required to manage the contract for its life.

#### Contract Manager

All routine, complex and strategic contracts will be managed by an adequately resourced and skilled contract manager.

At a minimum, a public officer managing a routine contract is required to have completed the Procurement Services SA *Principles of Contract Management* course (or similar) within the last two-year period.

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Public officers managing complex and strategic contracts are required to have completed the Procurement Services SA *Principles of Contract Management* course and *Advanced Contract Management* course (or similar), within the last two-year period.

### Contract Handover

Public authorities will use a contract handover checklist for all contracts, except transactional contracts, to ensure effective contract handover has been completed.

### Contract Management Plan

At a minimum, the Contract Manager will review the entire contract to ensure they understand each party's contractual obligations and the deliverables/objectives that the contract is set up to achieve.

A *Contract Management Plan* will be developed and approved by the contract owner for all complex and strategic contracts, no later than the contract commencement date. The *Contract Management Plan* will be implemented and monitored regularly (at least annually) throughout the term of the contract and updated as required.

### Establishing contract administration processes

Public authorities will ensure there are:

- set procedures to inform all stakeholders of the services/goods provided under the contract and the key service requirement/key performance indicators related to service delivery; and
- clear administrative procedures in place to make sure all stakeholders are aware of each party's administrative roles and responsibilities.

Contract Managers will arrange a kick-off meeting for all complex and strategic contracts, and routine contracts as required.

### Record Keeping and Documentation

Public authorities will ensure they have proper systems in place for identifying, gathering and recording relevant information in accordance with their Contract Management Framework and the requirements of the [State Records Act 1997](#).

## Contract Administration and Performance Management

### Performance Management

Contract managers will continue to monitor performance measures and manage performance over the life of the contract in line with the performance standards detailed in the contract.

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Where a supplier’s performance is found to be inadequate, the issue will be discussed with the supplier to try and reach an agreement of how to remedy the situation before further action is taken. This will be subject to any applicable terms of the contract regarding performance.

### Dispute Resolution

If a dispute arises out of a contract, the public authority will manage the dispute in accordance with the terms and conditions of the contract and will seek advice from the Crown Solicitor’s Office as required.

## Contract Reviews, Extensions and Variations

### Contract Reviews and Reporting

Public authorities are required to, from time to time, undertake an assessment of their complex and strategic contracts to determine whether:

- a) the contract continues to deliver value for money; and
- b) there is opportunity for improvement and/or innovation.

These reviews will be conducted annually, at a minimum, for each applicable contract with a contract term longer than 12 months.

As part of this review, public authorities will report annually to the Chief Executive (or authorised person) on:

Reporting requirement	Description	Measure
Contract expenditure	Value of approved contract value vs actual expenditure of the contract	\$ expended v approved \$ savings / increase % savings / increase
Allocated resources	Public authority staff member/s allocated to undertake the contract management and administration processes for the contract	# FTE or part FTE (full time equivalent)
	Any changes to Contract Manager in last period	#
Contract outcomes and supplier performance	The performance framework will be set out in the contract and will differ for each contract depending on the procurement objectives	To be measured in accordance with the contracted performance measure(s)
	Key Targets/deliverables achieved (or are on track to be achieved) compared to the number required by the contract	# and %



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	Key Targets/deliverables achieved within the timeframes set out in the contract	# and %
Contract variations / proposed variations	Changes to scope	# and level of variation
	Advise the current number of variations and any raised during the period	Current: # New: #
	Changes to pricing schedule and/or total value of the contract (difference between original contract value and the new contract value after the variation has occurred)	\$ savings / increase % savings / increase
	Changes to contract timeline (difference between original contract timeline and the new contract timeline after the variation has occurred)	# of days increase / decrease % increase / decrease of total contract timeline
Result of efforts to mitigate risks throughout the life of the contract	Risks identified (relating to the goods/services procured or the supplier) that needed to be managed under the contract	#
	Risk reviews conducted. At least annually or significant change to authority, market or stakeholders	#
	The number of risks controlled and/or treated compared to the number of risks identified (relating to the goods/services procured or the supplier) that needed to be managed under the contract	%

### Contract Extensions and Variations

Where a contract variation has been proposed, and before exercising an extension option (if applicable), the public authority will consider whether the variation/extension is necessary to deliver the contract outcomes and achieve value for money.

Exercising an extension option or varying a contract must be approved in accordance with *Treasurer's Instructions* and the public authority's approval policies and procedures.

**Further information:** Procurement Services SA  
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 Procurement Services SA

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All variations and extensions will be effected in accordance with the contract terms.

### Contract Closure

#### Transition Out

Public authorities will ensure transition planning is in place before the contract expires and prior to going back out to the market if the supply of similar goods or services is required.

#### Disposal

Public authorities will dispose of surplus goods in a manner that is lawful, efficient, economical and ethical. Refer to the *Disposal Guideline* for further details.

#### Post-Contract Review

A post-contract review report (also referred to as a 'contract closure report') will be prepared for the Chief Executive (or authorised person) for all routine, complex or strategic contracts.