

Contract Start-Up Guideline

Purpose

This Guideline¹ provides guidance for public authority Contract Owners and Contract Managers on how to effectively set up contract management practices in order to achieve value for money.

Contract management processes should be commensurate to the complexity of the contract.

Contract Handover

At the end of the sourcing phase, the staff member responsible for leading the procurement process (the sourcing lead, often a procurement officer) should undertake a contract handover with the person(s) responsible for ongoing contract management (i.e. the contract manager). This is particularly important where the contract manager has not been a part of the planning or sourcing process. The *Contract Handover Checklist* can be used to assist procurement officers and contract managers to undertake effective contract handover of Complex and Strategic contracts.

The contract handover process supports the efficient and effective sharing of information, and handover of responsibility. This can include providing a complete set of the contract documentation, including the market documentation, supplier offer² and risk management plan.

Obtaining a copy of the supplier's offer can help the contract manager to understand factors around what the supplier has offered such as details on how the costs were broken down or inclusions that are factored into the price³.

If the contract manager was not involved in the procurement process, the sourcing lead should discuss and document any other issues/important information identified through the procurement process, and highlight any significant issues or risks relating to the contract, particularly details of any negotiations and rationale for any agreed deviations/variations from the specification prescribed in the market documentation.

Contract Transition

When managing a new contract for goods or services that have previously been supplied to the public authority, the contract owner or contract manager should identify what is required to transition effectively from one contract to another.

¹ The Guideline has been derived from the documents listed below:

- ['Australian Government Contract Management Guide'](#), Commonwealth of Australia 2020.
- ['Contract management framework'](#), State of Queensland (Department of Housing and Public Works) 2019.

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² Recognising the importance of adhering to confidentiality as outlined in the Probit and Ethical Procurement Guideline

³ Recognising that the enforceable obligations lay in the contract, rather than the supplier's offer

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Transition Plan

A transition plan and/or the establishment of a transition team is useful where there are:

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

If the contract requires a transition plan, the public authority should ensure it:

- is in place prior to the transition;
- meets the timeframes and requirements under the contract; and
- identifies and addresses risks allowing the transition to occur with minimal disruption.

The *Contract Handover Checklist* has a list of typical transition considerations to help contract owners and contract managers.

Transition Period

In some cases, the transition period may occur over an extended period of time but should still finish prior to the original contract ending.

The contract manager should ensure they, the supplier (both incoming and outgoing), and key stakeholders understand, record, manage and enforce the various parties' transition obligations.

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

Implementing the contract

In some cases, contract implementation may occur over an extended period of time before ongoing contract management and monitoring activities occurs. Effective contract implementation:

- ensures that a new contract is quickly established and operational to deliver the required goods or services to end-users to the contracted performance standards; and
- involves communicating the existence of the contract to end-users and other stakeholders, describing what goods and services the contract will provide, who is responsible for the key contract tasks and how to utilise the contract.

Confirm contract management roles and responsibilities

It is important that all key stakeholders are aware of who is responsible for each key

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contract management activity and that appropriate resourcing is allocated to each contract.

Set up contract administration

Clear contract administration procedures help all parties understand their responsibilities: who must do what, when it has to be done, and how it has to be done. These procedures should be clearly set up at the beginning so that everyone starts with a shared understanding.

Kick-off (start-up) meeting

A contract kick-off or start-up meeting should be organised as soon as practically possible at the end of the sourcing phase (i.e. after the contract award). Kick-off meetings are a good way to begin a contract as it allows the contract manager to establish a working relationship with the supplier and to develop a shared understanding of key aspects of the contract, including commercial, operational, performance and administrative expectations.

The contract manager and supplier representative(s) should attend the kick-off meeting. Any key stakeholders (such as representatives of the main end-users of the goods or services, or other stakeholders directly impacted by the contract) should also attend. The kick-off meeting should be minuted with copies distributed to all parties following the meeting.

Some contracts may not warrant having a kick-off meeting. Contract managers should exercise judgment as to when a kick-off meeting will be a worthwhile use of time.

Contract communication

Methods of communicating the existence of the new contract can include for example: disclosure on the [SA Tenders and Contracts website](#), public authority newsletters, face-to-face briefings and email etc. Communication may be undertaken by a range of people including procurement staff, the contract manager, the contract owner, business unit staff, communications team, supplier representatives and end-user representatives.

For internal use, the contract manager may need to issue new contract processes to stakeholders that explains the ordering process, performance criteria and points of contact.

For each contract, public authorities should keep up-to-date details of:

- who to talk to about contract issues (e.g. the contract manager and the supplier's contract manager or other representative);
- preferred channels for communication and when to use them (e.g. phone calls, emails, meetings, reports, formal letters);

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- agreed response timeframes; and
- how to escalate unresolved issues.

This helps everyone involved communicate appropriately about contract issues.

Performance data and reporting systems

Systems for collecting performance data are best established from the commencement of the contract, with the data discussed with all parties during the kick-off (start-up) meeting and at the regular contract management meetings thereafter.

Provision of security, access, assets and information to supplier

For some contracts, contract managers need to make arrangements for suppliers to access government facilities, assets, information or data. In some instances, specified personnel may need to obtain security clearances. Access to buildings, information systems, physical documents or other assets should be given in accordance with the public authority's relevant policies and procedures.

Provision of policies, procedures, instructions

Most contracts reference the provision of policies, procedures and instructions to be provided to the supplier. The contract manager in association with the supplier and other key internal stakeholders are to determine what documentation is to be provided to the supplier to undertake the performance of the contract. This includes supplier employee induction/orientation.