

UNIVERSITY OF WAIKATO (UOW) CONTRACT MANAGEMENT OVERVIEW

Purpose of this guideline

The purpose of this guideline is to detail the contract management process that is used by the UOW when managing all contracts.

Who does this apply to?

All UOW employees, contractors, agents and consultants who are managing contracts for goods and/or services on behalf of UOW.

Responsibilities of the UOW Contract Relationship Manager

The contract manager is responsible for ensuring that:

- The contracted goods are supplied and delivered to the agreed service level;
 - The associated risks are managed;
 - Effective communication is maintained between all parties;
 - All reporting is received and monitored;
 - Contract reviews are actioned on time; and
 - Contract payments are made in accordance with the contract;
 - The FSD Procurement Office is notified of any contractual concerns or proposed contract variations, or negotiations and where appropriate will be involved.
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What is contract management?

The purpose of contract management is to ensure that the contractual arrangements operate as intended, and that they continue to meet the UOW's requirements throughout the life of the contract.

An ongoing relationship should be created between UOW and the contracted supplier to ensure that the terms and conditions of the contract are adhered to, and that all parties clearly understand their respective obligations.

Contract management is an ongoing process over the life of the contract. It needs to be started earlier rather than later.

Is contract management effective?

Contract management can be very effective. The contract manager needs to have a thorough understanding of:

- The contract terms and conditions;
 - The potential risks associated with that contract;
 - The required outcome of the contract; and
 - Effective relationship management.
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What gets managed?

Contract management incorporates the management of the relationship with the supplier, and ensures that the obligations of both parties that are set out in the contract are carried out, and that the agreed deliverables are met.

How do you manage a contract?

By using an appropriate reporting system, the contract manager should be able to receive enough relevant, succinct and timely information to enable them to:

- Manage the project (if project related);
- Monitor supplier performance; and
- Monitor and manage any contract risk including:
 - a) External:**
 - Public perception, managing contracts to reflect a well-run institution. Also, to comply with the relevant public entity requirements re: procurement in line with Education Act, Auditor General, Public Finance Act etc
 - Contract management allows us to manage risk of breach or acts or omissions creating liability with third parties
 - Consistency in dealings with industries.
 - b) Internal:**
 - Manage legal risk i.e. ensuring the University has a formal agreement which it can be relied on as an appropriate reflection of the arrangement between the parties, and to provide remedies when/if things go wrong.
 - Manage staff delegated authorities; ensure staff know who has the authority to negotiate and sign relevant agreements.
 - Administrative risk – internal contract management provides for a contracts register, avoids potential breaches (i.e. have an agreement in place for exclusive supply and look and providing someone else with that ability etc), correct storage of information relating to contracts (i.e. term, expiry, renewals), filing and archiving – Public Records Act etc
 - Having on file agreements reflecting University liabilities (contingent) for auditors.
 - Manage spending – internal contract management allows for tabs to be kept on University spend.
 - Acts or omissions creating liability with third parties
 - Consistency in dealings with industries

Information that should be contained in a reporting system:

- Executive summary on progress to date;
- Identification of 'milestones' reached and any major issues;
- Technical aspects (if applicable);
- Measures of Key Performance Indicator's (KPIs);
- Forecasting for future periods;
- Variances, and action for correcting; and
- Issues and action for remedy.

NOTE: Variances may cause slippage in project timetable.

Monitoring supplier performance

It is important to monitor supplier performance to ensure that it meets all requirements set out in the agreed contract.

What does monitoring supplier performance achieve?

Allows UOW to:

- Take prompt action if a supplier's performance falls below the agreed performance level;
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- Avoid exclusive reliance on contractor reporting;
 - Make the supplier aware of problems as they occur – preferably in writing; and
 - Clearly identify issues to be addressed by all parties, providing an opportunity for the supplier to improve performance over a set period of time.
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Supplier reviews

The purpose of a supplier review is to:

- Review performance;
 - Resolve issues;
 - Agree actions;
 - Understand the current situation; and
 - Review any business plan (as appropriate).
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Contract variations

Sometimes, during the term of a contract, there is a need to vary it in some way. To vary a contract means to change some of the initial contractual terms and conditions. In order to vary a contract, you must first check the original contract to ensure that you have the right to vary the contract. If a Variation Clause is not included in the original contract, then you might not be able to vary it at a later date. A variation may mean a change in one of the following:

- Term of the contract;
- Specifications;
- Contact details, and
- Price.

In order to vary a contract, you must supply a copy of the original contract to the Procurement Office for discussion. Any variation to the contract must be approved by Procurement and by the UOW delegated financial authority.

Once approvals have been given, you will need to complete a Variation to Contract document and send an electronic copy of the Variation to Contract to the Procurement Office to record in the UOW's Central Contracts Register.

Contract completion

A contract is normally complete when it:

- Has run its term; and
- The supplier has achieved the required outcome;
- Otherwise expires via mutual agreement of the parties prior to the end date of the contract or is terminated.

It is important to ensure that the contractor has honoured all its agreed obligations before releasing it from its commitment.

Completion can be in a number of stages:

- When the work is completed;
 - When all warranty commitments have been exhausted; and
 - When the term surrounding confidentiality has expired.
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NOTE: This is an internal document for the sole use of the UOW

**Any questions?
Supporting Document
Templates**

Please contact the FSD Procurement Office for support or advice.

Below is a list of supporting documents available in iwaikato:

- Supplier Meeting Minutes Template
 - Supplier Formal Review Template
 - Variation to Contract Request for Signature
 - Variation to Contract Template (external document)
 - Checklist for Implementation of Supply Arrangement .
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