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|  |

Contract Management Plan (CMP) Detailed

[Insert supplier(s) name]

[Describe goods/services e.g. Travel Services]

[Insert Contract No(s)]

#

# Document history

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Version** | **Date** | **Status** | **Key changes made** | **Author/s** | **Reviewer/s** |
| 1.0 | 12/08/14 | Initial Draft |  | Sam Mathers |  |
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# Introduction

This document describes how contract(s) between *[insert name of organisation]* *(“****organisation****”) and [insert name(s) of supplier(s)]* for the supply of *[insert the services/goods]* will be managed:

The main objectives of this document are to provide:

* a definition of supplier and organisation responsibilities
* a point of reference for the current management of the goods/services, governance process, KPI measurement, reporting tools and risk assessment
* a clear and current definition of the services and service levels provided by the supplier.

**Document owner:** This document is owned by the contract manager who is responsible for ensuring that it is maintained.

**Document review:** The contract manager reviews this contract management plan (CMP) with key stakeholders on a regular basis to ensure that it continues to reflect the services required and provided. Where changes to existing goods, services or processes are identified and subsequently approved, this document will be amended to ensure its currency.

The main drivers for changes will come from variation requests from stakeholders, the supplier, sourcing and associated KPI updates. The processes for managing these different types of variations are described in section 12.

**Document changes:** Changes to this CMP are made by the contract manager and recorded in the contract variation area in section 12. This document should be modified to reflect particular contract arrangements and may include such matters as incentive arrangements, warranties management, release mechanisms and communication arrangements.

**Document use:** This document does not replace the contract(s). It is the primary reference document in the routine management of goods/services provided by the supplier to the organisation. This reflects the organisation’s desire to build meaningful relationships with the supplier and to ensure the contract(s) provide the value envisaged by both parties at the start of the contractual relationship.

# Scope of goods/services

The organisation has contracted the supplier(s) to provide *[insert brief description of the scope of goods/services being provided].*

This CMP describes how the following contract(s) will be managed:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Supplier name/ ABN | Contract title and no. | Start date | End date | Review date |
| *[insert]* | *[insert]* | *DD/MM/YY* | *DD/MM/YY* | *DD/MM/YY* |
| *[insert]* | *[insert]* | *DD/MM/YY* | *DD/MM/YY* | *DD/MM/YY* |
| *[insert]* | *[insert]* | *DD/MM/YY* | *DD/MM/YY* | *DD/MM/YY* |

**Table 1: Contract Details**

|  |
| --- |
| ***User notes:*** *Contracts are entered into Table 1. There may be one contract or multiple contracts for one supplier controlled by this CMP. Contracts do not all have to be added at the same time—one contract with a supplier could be underway when a new contract is signed with the same supplier to supply a different good or service. This contract can be added to the existing CMP and added to Table 1, where the same conditions of the CMP exist, e.g. same KPIs and service levels apply.* *Note that whenever the CMP is changed/updated this must be recorded in the contract variation section (section 11) of this CMP no matter how small a change.* |

The scope of services to be performed in the contract(s) can be outlined as follows:

|  |
| --- |
| ***User notes:*** *Insert details that describe the scope of services to be performed by the contract. Text can be deleted where not applicable.* |

* provision of *[XXXXX goods/services]*
* management of *[XXXXX personnel/equipment/logistics/supply chain]*
* maintain and manage *[XXXXX reporting/measurements/account management/Risk]*
* deployment of *[XXXXX technology/innovation]*
* process *[XXXX payments/bill of material/help desk]*
* *[control quality of production and finished goods/services]*
* *[rationalise and continuously improve processes, make recommendations for improvements, suggest re-specification, etc., to ensure the organisation receives best fit services for its money, and that best meet the organisation’s requirements]*
* *[provide subject-matter expertise in the scope of services covered by this/these contracts;]*
* *[identify and alert the organisation of changes to demand expectations and any other influences that materially change the expected service requirements]*
* *[manage and maintain any third party relationships required to ensure the delivery of the required goods/services]*
* maintain and provide accurate billing.

This CMP helps manage the relationship between the organisation and the supplier. KPIs have been agreed for the supplier(s) to meet in providing the [*goods/services]* (see section 8).

# Pricing model

This section details the pricing structure of the contract—it may include the price for goods and services, the price cap of the contract(if any) and price review periods.

* *<base fee>*
* *<fee for service>*
* *<volume price points>*
* *<gain/pain share arrangements>*
* *<appendix catalogue unit prices>*
* *<detail any derivatives – e.g. foreign exchange/exposure to volatile pricing etc.>*
* *<detail process for pricing review e.g. annual, index linked etc.>*
* *<service debits / service credits>*
* *<total cost of ownership>*
* *<price drivers>*

## Payment terms

Payment terms are:

*[insert payment terms]*

## Insurances

All insurances required under the contract are listed below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Insurance type | Insurer and policy no. | Limit of liability | Expiry date | Review date |
| *e.g. Professional Indemnity* | *[insert]* | *e.g. $10M* | *DD/MM/YY* | *DD/MM/YY* |
| *e.g. Public and Products Liability* | *[insert]* |  | *DD/MM/YY* | *DD/MM/YY* |
| *e.g. Works Insurance* | *[insert]* |  | *DD/MM/YY* | *DD/MM/YY* |

**Table 2: Insurance details**

A copy of the certificates of currency of insurances are kept *[insert location, e.g. “in QContracts with the contract record” or attach copies to this CMP].*

The insurance review process is conducted during management meetings. Details on management meetings are included in Section 6: Meetings.

## Bank guarantees or other securities

Bank guarantees or other securities required under the contract are listed below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Security type | Security provider(e.g. name of Bank) | Amount of security | Expiry date | Review date |
| *e.g. Professional Indemnity* | *[insert]* | *e.g. $10M* | *DD/MM/YY* | *DD/MM/YY* |
| *e.g. Public & Products Liability* | *[insert]* |  | *DD/MM/YY* | *DD/MM/YY* |
| *e.g. Works Insurance* | *[insert]* |  | *DD/MM/YY* | *DD/MM/YY* |

**Table 3: Security Details**

The original security documents are kept *[insert name of custodian & location]* and a copy is kept *[insert location, e.g. “in QContracts with the contract record” or attach copies to this CMP]*

# Relationship structure

## Key contact information

The contact information of responsible persons associated with this contract is listed below.

|  |
| --- |
| Queensland Government |
| Name | Title | Address | Phone | Email |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**Table 4: Queensland Government key contact information**

|  |
| --- |
| [Insert Supplier Name] |
| Name | Title | Address | Phone | Email |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**Table 5: Supplier key contact information**

## Roles and responsibilities

The roles and responsibilities of the organisation and the supplier in managing contracts under this CMP are described in the roles and responsibilities matrix in **Appendix A.**

The roles and responsibilities matrix outlines the roles of individuals against various tasks or deliverables. In the matrix:

* **Responsible**: means those responsible to do the work to achieve the outcome required
* **Accountable**: means those who authorise the work and who are ultimately accountable for the correct completion of the work
* **Consulted**: means those who are consulted about the work at various stages of progress
* **Informed**: means those who are kept informed about the work.

# Communication plan

This section outlines the internal communication plan for the organisation to operationalise/ implement the contracts. The communication plan may:

* address how stakeholders/customers will be informed about the establishment of the contract(s), including how to buy goods/services under the contract(s),
* address how stakeholders identified in the roles and responsibilities matrix will be informed of their involvement in the contract management process
* informing stakeholders/customers about who they should contact for further information, or to provide feedback about the goods/service
* identify who is responsible for carrying out these tasks, and by when.

# Meetings

This section contains a summary of the purpose, attendees, frequency and format of various contract meetings. The meetings proposed below are a guide to the types of meetings that you might arrange to manage the contract. Adjust the table as needed.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Meeting | Purpose | Supplier attendees | Organisation attendees | Frequency |
| **Executive meeting** | To discuss information to support decision-making at the executive level | [Insert names and titles]Typically supplier executive and supplier account manager attends | [Insert names and titles] Typically the chief procurement officer, the head of the organisational area that ‘owns’ the contract and the contract manager attends | [Insert meeting frequency] Typically six-monthly, annual or as required |
| **Management meeting** | To discuss information to support management level decisions | [Insert names and titles]Typically supplier account manager attends | [Insert names and titles] Typically contract manager and senior organisation natural owner attends | [Insert meeting frequency] Typically monthly, quarterly or six-monthly or as required |
| **Operations meeting** | To review current operational status of contract and determine whether improvements required | [Insert names and titles]Typically daily supplier contact attends | [Insert names and titles] Typically contract manager, natural owner and contract users attend | [Insert meeting frequency] Typically weekly or monthly or as required |

**Table 6: Meeting schedule**

|  |  |
| --- | --- |
| Meeting | What is usually covered at the meeting? |
| **Executive meeting** | * Supplier/contract information for strategic, high risk and critical to business contracts
* Key financials
* Key performance data
* Escalated issues
* High (and extreme) risks
 |
| **Management meeting** | * Review performance against KPIs
* Review operational issues and establish action plan
* Review insurances to ensure currency
* Agree any process/policy changes
* Identify events that may impact service
* Identify if any penalties or bonuses apply
 |
| **Operations meeting** | * Review status
* Review KPIs
* Identify/review issues and areas for management attention
* Review change requests and manage change control process
 |

**Table 7: Meeting focus**

# Transition management

The contract manager is responsible for the smooth transition in of the new supplier(s) and transition out of the existing supplier(s). The level of detail regarding transition in and out is dependent on the procurement activity. Where the supplier has developed a transition plan as part of the tender process, incorporate the document here.

Where a transition plan needs to be developed, incorporate details specific to managing transition here.

# Key Performance Indicators (KPIs)

## 8.1 Objectives

The objectives of formulating KPIs are to:

* document and manage the key measures of performance for the operational services to enable the supplier to focus on the operational deliverables that are important to the organisation
* set goals for performance for both parties which reflect the need to deliver the agreed KPIs and the interdependencies between the parties in meeting KPIs
* provide a mechanism for calculating service debits/credits or liability share arrangements for suboptimal performance against KPIs or for awarding bonuses that may be payable for excellence.

## 8.2 Contract KPIs

|  |
| --- |
| ***User notes:*** *Complete the table below for each KPI that is being measured under the contract* |

The KPIs specified in the contract(s) are listed on the following pages. Each table contains:

|  |  |
| --- | --- |
| Field | Area the KPI falls into (e.g. cost, service, quality etc.) |
| **KPI name** | Name of KPI being measured |
| **Purpose** | Description of why KPI is being measured |
| **Performance target** | Description of what KPI is measuring |
| **Measurement calculation** | How to measure KPI |
| **Responsibility** | Who is responsible for measuring compliance against the KPI?Where is the data coming from to measure compliance? |
| **Acceptable score** | The minimum acceptable score that the organisation will accept from the supplier. This should be discussed and agreed with the supplier. Where an acceptable score is unknown, measure the agreed KPI for a minimum of three months then use the scores achieved by the supplier as a basis to agree an acceptable score.  |
| **Score this month** | The score the supplier has achieved in the month being measured |
| **Variance from acceptable score** | Difference between the ‘acceptable score’ and the ‘score this month’ |
| **Historical tracking** | Historical tracking of each KPI to enable KPI trends to be viewed each month (i.e. is the suppliers performance improving or getting worse?) |

**Table 8: KPIs**

## 8.3 KPI reporting

KPI reports are created and adapted to reflect meeting schedule requirements and ad-hoc reporting requirements. Reports can be compiled using the supplier scorecard and minutes from meetings. The report should track specific service failures with actions discussed in the supplier meeting and minuted for action or monitoring in subsequent supplier meetings.

These provide a formal record of actual performance levels provided to the organisation over the previous period for all KPIs. The reporting includes the KPIs and the following information:

* areas of service issues or failures and immediate actions taken to minimise the impact to customers in the event of a service failure
* areas where issues have been resolved
* planned actions to prevent further occurrences of similar problems—both from the supplier and the organisation
* additional actions discussed
* value-added services provided
* continuous improvement activities undertaken by the supplier
* other information about significant events affecting the supplier.

The contract manager reviews the reports and escalates internally where necessary.

## 8.4 Customer satisfaction

Internal customer satisfaction is measured and used as part of the reporting process when reviewing supplier performance.

*[Insert how often customer satisfaction will be measured, how and how often. For example, will the organisation conduct customer survey? Will the supplier conduct annual independent surveys of customers?]*

# Savings/benefits tracking

Benefits tracking (price monitoring and compilation of other quantitative and qualitative data) takes place each *[quarter]*. The *[contract/category manager]* develops and manages the benefits/savings tracking framework, and will:

* specify which benefits tracking method will be used; and
* communicate the contract baseline for price and non-price benefits and how incremental changes will be measured, for example:
	+ how savings against the contract pricing baseline will be calculated;
	+ how incremental changes against the contract non-price baseline of benefits will be calculated;
	+ how often benefits will be measured (usually quarterly); and
	+ how data will be verified and analysis conducted.

# Escalation process

The purpose of the escalation process is to achieve an overview of:

* the escalation process
* those involved and their tasks
* responsibilities and deadlines.

Log all problems and queries regarding the goods or services provided by the supplier in an issues log. The contract manager owns the issues log. Issues could come from the organisation, third party providers, supplier personnel or through the reporting process.

Each issue is logged in the issues log with a responsible party assigned to manage the issue. If issues are not resolved in the required timeframe they are escalated to the supplier account manager and contract manager via the management and executive meetings to oversee/escalate as per the escalation process flow in Figure 1.

Issues are escalated based on the priority given to the issue in the issues log and relate to the level of escalation required for the issue as illustrated in Figure 1.



Figure 1: Escalation process flow

As the issue priority escalates it is escalated to a different management level to resolve. Note: an issue can be immediately classed as ‘critical’ and raised to the executive meeting if required. Once issues are resolved their resolution is logged in the issues log.

The following defines the escalation process flow.

|  |
| --- |
| *User note: Update the points below to reflect the agreed escalation process in the contract* |

* If task owners cannot resolve an issue within [insert] days, the issue is escalated to the operations meeting group. The issue is set out in the minutes and included on the agenda of the operations meeting;
* If members of the operations meeting cannot resolve an issue after referral, the issue is escalated within [five] days to the management meeting group. The issue is set out in the minutes and included in the agenda of the management meeting;
* If members of the management meeting cannot resolve an issue after referral, the issue is escalated within [three] days to the executive meeting group. The issue is set out in the minutes and included in the agenda of the executive meeting; and
* The executive meeting group has final responsibility to resolve any matters escalated to it. The executive meeting group is called together on a [six monthly/annual] basis or as required to resolve service issues.

Note: Validate escalation process with actual contract where this exists.

# Risk management

The contract(s) (and consequently supplier relationship) has been assessed as *[Leveraged, Focused/ Strategic]* using the value/risk matrix.

A risk assessment has been completed for the goods/services purchased under the contract(s). *[If a risk assessment has been completed specific to this contract/supplier then insert “A risk assessment has been completed for the specific contract(s)/supplier(s) that are the subject of this CMP.”]*

A copy of the risk assessment is **included** in **Appendix** **B**.

The contract manager is responsible for reviewing the risk assessment, in particular to assess any changes to the supplier’s financial health, disaster recovery plans, or other risk categories identified as moderate to high in impact or likelihood. This review takes place at least once a year, and preferably more frequently for key and critical suppliers.

# Contract term and extension options

|  |
| --- |
| ***User notes:*** *Insert details of the term of the contract and any extension options. Incorporate any strategies that have been specified in the category management plan or sourcing plan about contract extensions or renewals, for example is there a view as to when the market should be re-tested for these goods/services?*  |

*[This contract/These contracts]* are for an initial term of *[insert period]*.

**If there are no extension options in the contract insert** *“There are no extension options in the contract.”*

**If there are extension options in the contract insert:** “There are extension options in the contract of [insert details, e.g. two x two years]. Steps should be taken at least *[6]* months before the expiry date of the initial term to assess whether the extension option should be exercised.

**If the category plan or sourcing plan provides any direction about granting contract extensions, renewing contracts or re-testing the market then insert:** [for example, ***“****The category management plan as identified that the market should be re-tested no more than [three] years after the commencement of the contract due to …. (e.g. the fast-pace nature of changes to the market and new entrants]*

If a contract extension or renewal is proposed, then a **contract review plan** must be completed (at the time the extension or renewal is requested). If an extension is granted, it must then be managed as a contract variation, as set out in section 12.

# Contract variation

Use the contract variation process to assess all contract variations. This process ensures all proposed variations are subject to hierarchical consideration, particularly around key elements of:

|  |  |
| --- | --- |
| * historical performance
* business needs
 | * technical specification
* commercial impact.
 |

It also includes the requirement to review:

|  |  |
| --- | --- |
| * pricing
* associated KPIs
 | * risk
* organisational financial and procurement delegations.
 |

Check who is required to approve the variation (depending on whether it involves a change of risk, term or contract value), in accordance with delegated authorities and authorisation.

## 13.1 Contract variation process

*[insert the agreed variation process with the supplier here]*

## 13.2 Contract variations agreed or in progress

The following table lists all the agreed / in progress contract variations

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Contract number | Variation description | Date raised | Status | Date agreed / rejected | Additional comments |
| *[insert]* | *This may be a minor change to the contract or CMP* | *[DD/MM/YY]* | *[e.g. in progress/ agreed/ rejected* | *[DD/MM/YY]* | *[insert]* |
|  |  |  |  |  |  |

The contract manager and category manager review the CMP on a regular basis to ensure that it continues to reflect services provided.

Where changes to existing services or processes are identified and subsequently approved, the guide will be amended. The contract manager will ensure this document is maintained and published as directed and version control is up to date.

# APPENDIX A – ROLES AND RESPONSIBILITIES

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Responsible | Accountable | Consulted | Informed |
| ***Contract administration******(mandatory)*** | Update contract database |  |  |  |  |
| Communicate contract changes |  |  |  |  |
| Manage contract reporting |  |  |  |  |
| ***Contract management******(mandatory)*** | Own contract through life |  |  |  |  |
| Ongoing management of supply |  |  |  |  |
| Approve contract variations |  |  |  |  |
| Contract extensions, renewals or terminations |  |  |  |  |
| ***Performance delivery******(mandatory)*** | Manage operational delivery |  |  |  |  |
| Collate SLA/KPI outcomes |  |  |  |  |
| Lead supplier performance reviews |  |  |  |  |
| ***Service quality*** ***(if relevant)*** | Check service quality |  |  |  |  |
| Maintain specifications |  |  |  |  |
| Approve alternate work methods |  |  |  |  |
| ***Governance framework (if relevant)*** | Chair Steering Committee |  |  |  |  |
| [Insert other requirements based on op-model, e.g. reporting to DG Council] |  |  |  |  |
| ***Contract management plan*** | Prepares CMP |  |  |  |  |
| Reviews and approves CMP |  |  |  |  |
| Communicates CMP |  |  |  |  |
| ***Communication******(optional)*** | Train/communicate with stakeholders about contract and CMP |  |  |  |  |

The RACI contains an area to include the person 'Responsible', 'Accountable', 'Consulted' and 'Informed' for each activity. Fill in the name of the role which corresponds to whether the role is 'Responsible', 'Accountable', 'Consulted' or 'Informed' for the specific RACI activity. Delete any sections that do not apply.

# APPENDIX B – RISK ASSESSMENT

*[Insert/attach copy of risk assessment relevant to the contract(s)]*