**Delete this page prior to adding to RFx/Contract Schedule**

This Contract Management Plan (CMP) is progressively required to be undertaken from concept of a contract need through to the completion of the sourcing documentation for goods and services procurement activities.

Ultimately, the CMP should be established within the schedules of the contract, with details negotiated and agreed with the supplier prior to contract execution. This CMP should be developed and approved with reference to the [Contract and Vendor Management Guide](https://education.nsw.gov.au/procurement/psd-staff-portal/procurement/managing-contracts-and-vendors/contract-and-vendor-management-guide).

When first completing this CMP, it is conceptualising how the contract will need to work in future if the requirements are going to be delivered to achieve the objective. It forces thinking in practical terms to help test logic and feasibility from an early stage. This in turn helps ensure a realistic approach to the market. As the sourcing documentation materialises, this CMP will also be refined to become a schedule within the contract.

To help establish and progress your procurement activity you also need to provide:

1. evidence of approval under financial delegation for the anticipated total value of the contract (including options)
2. requirements/specification – a Statement of Requirements template is available to assist.

Anyone involved in a procurement activity must complete the Code of Conduct for Procurement Activities, as it includes a confidentiality/declaration of interest agreement.

**Guide in completing this CMP:**

**Step 1 -** The Client, or Project Manager in consultation with the Client, will progressively complete the information in the CMP, based on the colour coding set below:

* The entries under the header highlighted in light blue are to be completed during the strategy/RFx build stage
* The entries under the header highlighted in pink are to be completed post contract award stage.

**Contract Name**

|  |
| --- |
| Insert Contract Name |

**Preamble**

The Contract Management Plan (CMP) is a tool to implement and manage the contract as agreed. It gives an overview of the governance of the Contract from an operational, financial and performance reporting perspective. It should be familiar to, acknowledged and signed, at a local level, by operational managers of the contract from both the department and the supplier.

Should there be any conflict between the contract (including all of its schedules and attachments) and this CMP, the contract shall prevail. Any differences required should be addressed via the contract variation procedure.

The CMP is a living document throughout the term of the contract and should be reviewed as required, but at least annually. When varying this CMP, the contract variation procedure should be followed.

**Version Control**

|  |  |  |
| --- | --- | --- |
| Version | Date | Changes |
| Please insert | /  / | Please insert |

**Document sign off**

Whilst this CMP forms part of the contract and consequently signed off in the execution page of the contract, it is intended that Level 3 position holders of the respective parties identified in Section 2.1 below are to sign off below during the onboarding process. This ensures that personnel of the respective parties in the operational level fully understand how the contract is to be managed.

**Department sign off**

Signatories are to be the operational Contract Manager e.g. the person at the department who will operationally manage this contract (Level 3 position holder cited in Section 2.1 below):

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** |  | **Position** |  |
| **Signature** |  | **Date** | /  / |

**Supplier sign off**

Signatories are to be the person at the supplying company who will operationally manage this contract (Level 3 position holder cited in Section 2.1 below):

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** |  | **Position** |  |
| **Signature** |  | **Date** | /  / |

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# Contract Summary

|  |  |  |  |
| --- | --- | --- | --- |
| **Start date** | /  /  Or  Refer to ProcureIT Framework V3.2 Part 2: Customer Contract Schedule 1: General Order Form Item 10 Contract Period <delete as required> | **Term** | Insert term here  Or  Refer to ProcureIT Framework V3.2 Part 2: Customer Contract Schedule 1: General Order Form Item 10 Contract Period <delete as required> |
| **Background** | Provide details on the reason why the need for this contract came about. Include any legislative, community or policy issues. | | |
| **Business / Contract Objectives** | Provide details on what the business / contract is aiming to achieve (i.e. big picture objectives). Provide details on all objectives that are not savings related or measured by KPIs.  This business / contract will achieve: | | |
| **Key deliverables** | Provide details of the goods or services to be delivered and the implications if the sourcing project does not proceed or if the contract fails to deliver. | | |

# Contacts

## Map of Management/Escalation Relationships

|  |  |
| --- | --- |
| **Department** | **Supplier** |
| **Please insert Level 1 Position (i.e. the most Senior Officer relevant for escalation, ED, DS, CPO, CIO etc.)**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email | **Please insert Level 1 Position**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email |
| **Please insert Level 2 Position (i.e. usually Manager for escalation)**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email | **Please insert Level 2 Position**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email |
| **Please insert Level 3 Position (i.e. Contract Manager, who will operationally manage this contract)**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email | **Please insert Level 3 Position**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email |

## Other Department contacts / Key Stakeholders

|  |  |
| --- | --- |
| **Name** | **Role and Influence/impact** |
| **Please insert Position or Group**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email | Please insert |
| **Please insert Position**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email | Please insert |

## Other Supplier contacts

|  |  |
| --- | --- |
| **Name** | **Role** |
| **Please insert Position**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email | Please insert |
| **Please insert Position**  **Please insert Name**  Phone: Please insert Phone  Email: Please insert Email | Please insert |

# Communication

|  |
| --- |
| Detail how parties are to communicate about the contract both internally, across the department and publicly. If supplier and / or the department is to promote the contract what are the protocols for doing this. i.e. Who is responsible, what approvals are required, when, how and for what purpose, etc.  Parties will communicate through defined lines of operational and management relationships as detailed in this CMP.  Regular meetings as described will be held to address all operational, tactical and strategic issues through the term of the contract.  Other communication requirements will be determined and agreed at the regular meetings. |

# Disclosure

|  |
| --- |
| Detail contract disclosure requirements and responsibilities (i.e. at execution and any significant variations).  The department’s Contract Manager is responsible for ensuring the contract details are publicly disclosed as required under the GIPA Act. Procurement Solutions Directorate (PSD) will publish these on the NSW eTendering system.  Each anniversary the department Contract Manager will provide updates as to the actuals and forward forecast data to PSD to allow disclosure to the market.  Should a contract variation be executed, PSD should be notified by the department’s Contract Manager to update the disclosure information, where appropriate. |

# Purchase to Pay Processes

|  |
| --- |
| How will orders be placed? If via catalogue, refer to catalogue agreement / schedules.  Note any special payment terms or processes.  The department will place orders under this contract via Purchase Order. All invoices must reference the department’s Purchase Order number. Payment cannot be made if this is not provided or accurate on the invoice. On presentation of an accurate invoice, payment will be made within 30 days of the invoice date in accordance with the department’s terms and conditions.  Or  Refer to ProcureIT Framework V3.2 Part 2: Customer Contract Schedule 1: General Order Form Item 14 Payment <delete as required> |

# GL Account Numbers and Vendor IDs

|  |
| --- |
| The GL Account number and Vendor ID for this contract must be used to ensure integrity of Government spend reporting. If items are purchased via the catalogue, the GL Account number and Vendor ID are automatically detected. However, if purchases are not via the catalogue, the department Contract Manager will need to ensure all payments are made against the correct [GL Account number](https://detwww.det.nsw.edu.au/finance/download/Chart%20of%20Accounts%20Nov%202014.pdf)and Vendor ID N.B. these details should be inserted before signoff / handover to the Contract Manager.  The department staff that are responsible for placing any purchase orders against this contract are to be advised the GL Account number and Vendor ID number to be used for this contract to avoid any purchasing or payment issues.  **Name:**  **Account:**  The **Vendor ID**/s for this contract is/are:  (If a Vendor ID already exists, check with the supplier that details are correct for this contract for purchase and payment purposes). |

# Performance

|  |
| --- |
| Reference KPIs and Measures – as per example in TAB A  Performance of this contract is subject to negotiated KPI’s as detailed in TAB A of this CMP and aligned to the relevant Schedule of the Contract. KPIs will be sent as a survey via Contract (Re)Source (Ariba). |

# Consequences

|  |
| --- |
| What will happen if KPIs are not met? The department needs to first articulate the implications or impacts on its business and then set out how the supplier is required to explain issues and provide an action plan to remedy issues and how these actions will be monitored until resolved. What is the penalty for under performance?   1. If an issue occurs, the supplier will notify the department’s Contract Manager immediately and provide details of what happened and why, along with an action plan for resolution and to avoid future recurrence. This will be monitored until complete. 2. Where performance is not reached ……… |

# Reporting

|  |
| --- |
| What reports are required, when are they required and who are they sent to? Provide sales or activity reports or other templates as appropriate (N.B. PSD provide a standard sales report template).  Or  Refer to ProcureIT Framework V3.2 Part 2: Customer Contract Schedule 1: General Order Form Item 40 <delete as required> |

# Meetings and Reviews

|  |
| --- |
| Below are examples of the types of meetings that should occur during the contract. These are based on whether this is an operational, tactical or strategic contract. The higher the level of contract, i.e. strategic, the more frequent the meetings should occur. For a strategic contract all three levels of meetings/reviews below should occur.  The following meetings will occur throughout the contract:  **Strategic Meetings**  Frequency: Annual/Semi-Annual  Attendees:   * Department Level 1 * Department Level 2 * Department Level 3 * Supplier Level 1 * Supplier Level 2 * Supplier Level 3   Function:   * Review performance of the contract to the Business / Contract objectives and service level deliverables * Examine ways to enhance the outcomes of the Contract * Supplier to present roadmaps and industry best practice guidance * Review Risk Management Plan * Review CMP   **Tactical Meetings**  Frequency: Quarterly  Attendees:   * Department Level 2 * Department Level 3 * Supplier Level 2 * Supplier Level 3   Function:   * Review performance of the contract to the Business / Contract objectives and service level deliverables * Presentation of quarterly innovation * Review of systemic and recurring issues   **Operational Meetings**  Frequency: Monthly  Attendees:   * Department Level 3 * Supplier Level 3   Function:   * Review spend / progress against milestones and / or savings * Review and analyse issues log for systemic issues * Review monthly KPI’s with the view to mitigate any poor performance * Presentation of client satisfaction surveys where applicable * Review risks identified in Risk Management Plan   Administration: |

# Disputes

|  |
| --- |
| Detail how day to day operational issues are to be handled and how and when these should escalate.  Operational issues are to be handled between the department and supplier Contract Managers within a reasonable timeframe, in preference to escalation. Should an outcome not be agreed to, escalation will be in accordance with clause 2.1 Map of Management/Escalation Relationships of this CMP.  Should issues still be outstanding then the parties agree to resolve any conflicts or issues in accordance with <refer to contract clause for more formal / legal process>.  Or  Refer to ProcureIT Framework V3.2 Part 2: Customer Contract Schedule 11: Dispute Resolution Procedures <delete as required> |

# Variations

|  |
| --- |
| Detail how variation requests are to be managed, i.e. product, pricing, additional services, terms, etc.  The instigator of the variation must commence the process in writing to the intended party with any or all supporting documentation in order for considered reviews to be undertaken. All variations are to be agreed in writing by both parties who have the appropriate delegation to execute. The process is outlined in the Contract at ……  Place details in here about annual price variations if applicable.  Example:  On each anniversary the supplier may apply to the department for a variation in pricing as outlined in <enter contract clause>. <enter the metrics for price variations including indexes etc.>  Or  Refer to ProcureIT Framework V3.2 Part 2: Customer Contract Schedule 4: Variation Procedures <delete as required> |

# Risk Management

|  |
| --- |
| Develop a risk management plan (see TAB B) and establish a process for raising, recording and monitoring.  A risk management plan is attached at TAB B. The risk management plan may be reviewed and varied at any time where a new risk may arise or a current risk can be mitigated to a lower state, otherwise as detailed in reporting above. |

# TAB A Supplier Scorecard Template

Operational example relates to Contracts for goods

NB: for build purposes only – scorecards will be established and managed in Contract (Re)Source

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| KPI # | Type | KPI | Performance | Calculation | Frequency | Target | Weighting |
| 1 | Operational | Delivered In-Full, On-Time (DIFOT) – Sydney Metro | All products delivered within 3 Business Days | All products delivered within target  100%=100%  90% to <100% = 90%  80% to <90% = 80%  <80% = 0% | Monthly | 100% | 20% |
| 2 | Delivered In-Full, On-Time (DIFOT) – Other | All products delivered within 5 Business Days | All products delivered within target  100%=100%  90% to <100% = 90%  80% to <90% = 80%  <80% = 0% | Monthly | 100% | 20% |
| 3 | Proof of Delivery (POD) | All Purchase Orders to be supplied | Supply of 100% of POD’s = 100%  <100% = 0% | Monthly | 100% | 10% |
| 4 | Back Orders | All back orders to be completed within 10 Business Days | All backorders delivered within target  100%=100%  90% to <100% = 90%  80% to <90% = 80%  <80% = 0% | Monthly | 100% | 10% |
| 5 | Management | Invoicing Accuracy | All invoicing to be submitted on time and accurately | Reporting delivered on time and accurately = 100%  Reduce  20% per error  50% if late | Monthly | 100% | 10% |
| 6 | Innovation | Supplier to generate one new idea every three months | One new innovation each quarter (the following 2 months get the same score) | Monthly | 100% | 10% |
| 7 | Risk Management Eg Insurances, Work Health & Safety (WH&S), Business Continuity Plan (BCP) etc. | All documentation is submitted annually or upon renewal | All documentation up to date = 100%  Otherwise 0% | Monthly | 100% | 5% |
| 8 | Sales / Activity Reporting | All sales reporting to be submitted on time and accurately | Reporting delivered on time and accurately = 100%  Reduce  20% per error  50% if late | Monthly | 100% | 5% |
| 9 | KPI Reporting | All KPI reporting to be submitted on time and accurately | Reporting delivered on time and accurately = 100%  Reduce  20% per error  50% if late | Monthly | 100% | 5% |
| 10 | Customer Satisfaction | Customer Survey | Customer Survey carried out every 6 months | Customer satisfaction survey carried out  75%-100% score = 100%  <75% = actual score received  No Survey = 0% | Half Yearly | 75% | 5% |

Operational example relates to Contracts for services

NB: for build purposes only – scorecards will be established and managed in Contract (Re)Source

|  |  |  |
| --- | --- | --- |
| KPIs | Performance | Score |
| 1: Quality | Has the quality of work delivered been up to the agreed standard? | Yes: 100%  Partial: 50%  No: 0% |
| 2: Timeliness | Have the timeframes committed and agreed for the project delivery been met? | Yes: 100%  Partial: 50%  No: 0% |
| 3: Within Budget | Have the invoices being submitted for work in accordance with planned hours for each audit? | Yes: 100%  Partial: 50%  No: 0% |

# TAB B Risk Management Plan

This should be created as a separate document – filed electronically with other contract management documents and used as part of ongoing reporting as required. Refer to [the department’s Enterprise Risk Management Policy](https://www.det.nsw.edu.au/policies/general_man/erm/PD20040036.shtml) and [Guidelines](https://www.det.nsw.edu.au/policies/general_man/erm/implementation_1_PD20040036.shtml) when completing this plan.

**Risk Focus Areas**

*Following risk focus areas may be used to categorise identified risks:*

|  |  |  |  |
| --- | --- | --- | --- |
| A | Service/Program Delivery | F | Reputation / External Relationships |
| B | Financial | G | Project / Program Quality |
| C | Management Effort | H | Project / Program Time (schedule) |
| D | Health & Safety | I | Project / Program Cost |
| E | Legal / Compliance | J | Project / Program Benefits |

**Department-wide risk likelihood criteria**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | | | |  |  |
| **Likelihood** | | **Rating** | | | **Description** | **Probability** |
| 5 | | Almost certain | | | Is expected to occur in most circumstances | >95% to 100% |
| 4 | | Likely | | | Will probably occur | >70% to 95% |
| 3 | | Possible | | | Might occur at some time | >30% to 70% |
| 2 | | Unlikely | | | Could occur at some time | >5% to 30% |
| 1 | | Rare | | | May occur in exceptional circumstances | <5% |
| **Department-wide Risk Consequences** (Refer to Table 1 department-wide Negative Consequence Criteria (Threats) and Table 2 Negative Consequence Criteria (Threats) – Projects/Programs under 3.3.2.1 of the [Enterprise Risk Management Guidelines](https://www.det.nsw.edu.au/policies/general_man/erm/implementation_1_PD20040036.shtml) when determining the risk consequences). | | | | | | |
| **Consequences** | | | **Description** | **Explanation** | | |
| 5 | | | Critical | The department will not meet its objectives | | |
| 4 | | | Major | The department/business unit may not meet its objectives and will require considerable additional resources from other areas. | | |
| 3 | | | Moderate | Impact can be absorbed with treatment but can require additional resources to be allocated. | | |
| 2 | | | Minor | Can be accommodated with existing resources | | |
| 1 | | | Insignificant | Virtually no change in operations | | |

**Determining Risk Levels**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | | |  | |  | |  |
| **LIKELIHOOD** | Almost certain | **5** | Medium | | Medium | High | | Extreme | | Extreme | |
| Likely | **4** | Low | | Medium | High | | High | | Extreme | |
| Possible | **3** | Low | | Medium | Medium | | High | | High | |
| Unlikely | **2** | Low | | Low | Medium | | Medium | | Medium | |
| Rare | **1** | Low | | Low | Low | | Medium | | Medium | |
|  | | | **1** | | **2** | **3** | | **4** | | **5** | |
|  | | | **Insignificant** | | **Minor** | **Moderate** | | **Major** | | **Critical** | |
|  | | | **CONSEQUENCES** | | | | | | | | |

**Risk Matrix - Identification and Assessment**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Risk** | | **Original Risk** | | | **Treatment** | **Residual Risk** | | |
| **Risk Focus Areas**  **(A to J)** | **Identified Risk** | **Consequences**  1 = Insignificant  2 = Minor  3 = Moderate  4 = Major  5 = Critical | **Likelihood**  1 = Rare  2 = Unlikely  3 = Possible  4 = Likely  5 = Almost Certain | **Risk Level** Low  Medium  High  Extreme | **Risk Mitigation** | **Consequences**  1 = Insignificant  2 = Minor  3 = Moderate  4 = Major  5 = Critical | **Likelihood**  1 = Rare  2 = Unlikely  3 = Possible  4 = Likely  5 = Almost Certain | **Risk Level** Low  Medium  High  Extreme |
| A/B/C/F | Supplier failure causing long term interruption to supply of goods and services | 3 | 2 | Medium | Managed through regular monthly KPI meetings with all suppliers. | 3 | 1 | Low |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

Please note identified risks may include both threats (negative consequences) and opportunities (positive consequences). Using the above table as a guide, list and rank the potential risks of this project and detail actions to be put in place to mitigate those risks. Maintain a risk register and action plan to monitor and escalate risks appropriately through Program Manager. Refer to the department Enterprise Risk Management Guidelines for a sample Risk Register template and related guidance. Project teams may adapt the risk register template as appropriate.