

A6 Contract Management

A6.1 Contract Management Principles

Contract Management is a wide ranging and complex subject that cannot be fully covered within the scope of this document. This appendix seeks to highlight some of the key considerations associated with University contracts as well as highlighting where more detailed support and guidance can be found.

More comprehensive guidance, as well as a suite of tools intended to assist Contract Managers, can be found at <http://www.sussex.ac.uk/finance/how/purchasing/contract-management>.

Applying robust Contract Management ensures:

- a consistent approach to Contract Management across the organisation
- the responsibilities of the University and the supplier under a contract are clearly understood
- the potential for improved supplier performance and improved service delivery is realised
- the University receives the intended benefit of the contract
- the agreement remains current, competitive, and active (i.e. relevant and evolving as necessary)
- contracts are appropriately and proportionately supported by skilled Contract Managers
- availability of high-value management information that supports strategic decision-making and strong negotiations
- financial and reputational risk is reduced
- opportunities for dispute are minimised
- supply risks are avoided or managed effectively.

The amount of resource and activity dedicated to Contract Management activity should be proportionate to the contract that it supports.

If further support is needed please contact the contract management team based within Operational procurement and supply chain (Finance Department)

A6.2 Contract management roles

A6.2.1 Contract governance boards

For strategic contracts, it is likely that the contract will define a specific governance structure for the agreement. This typically consists of a single or multiple governance boards responsible for the strategic and operational Contract

Management activities relating to the agreement. These specific governance structures supersede other roles and responsibilities set out in this Policy.

A6.2.2 Heads of School/Directors of PS

Members of the University's leadership are ultimately responsible for ensuring effective Contract Management within their Division/School.

A6.2.3 Contract Manager

Every contract should be managed by a nominated member of staff ('Contract Manager'). The management of the contract(s) may be all, or a part of the responsibilities of an individual's role, depending on the type/number of contracts the individual is responsible for. Contract Managers should be adequately skilled in contract management activities according to the level and complexity of the contracts they manage. Contract Managers should access relevant training offered by the Finance Division and The Office of the General Counsel. Contract Managers are the principal owner of the supplier relationship and the performance of the contract.

A6.2.4 Procurement Services

Procurement and Commercial Services should be engaged at pre-contract stage as directed within this Policy, and at key touchpoints throughout the contract lifecycle, as appropriate to the level of contract risk. Procurement and Commercial Services should be engaged, where appropriate, for support and guidance throughout the contract lifecycle.

A6.2.5 General Counsel, Governance and Compliance (GCGC)

GCGC should be engaged at pre-contract stage as directed within this Policy, including if a contract could or does give rise to legal complexity. GCGC review is required on contracts, as determined by section A6.4, including an assessment of legal and data protection risk. GCGC should also be engaged at key touchpoints throughout the contract lifecycle, as appropriate to the level of contract risk. The Contract Activity Checklist should be used to support decision making around engagement.

A6.2.6 Stakeholders/End Users

Contribute to contract and supplier management process through stakeholder and End User feedback on supplier performance, and formalised Contract Management boards/groups. Where appropriate, stakeholders and End Users should be invited to participate in supplier reviews/feedback activity.

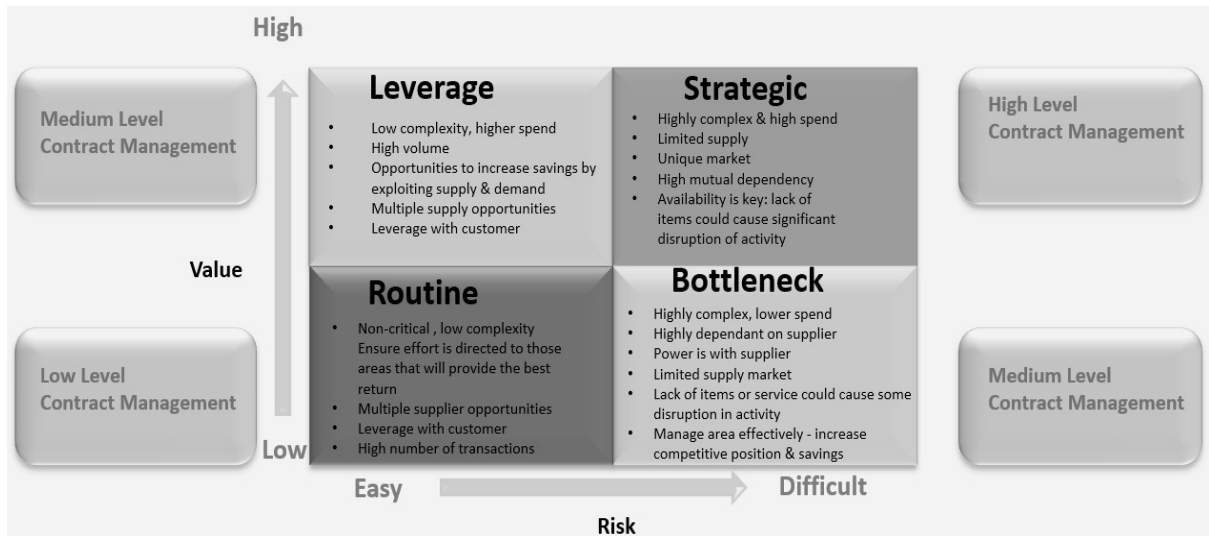
A6.3 Assessing the Level of Contract Management Required

Full guidance is provided on the Finance web pages on how to apply proportionate Contract Management practices based on the level of contract value and risk. Resources should be prioritised to contracts where the strategic value or risk are highest.

Contracts can then be categorised as one of the following:

Routine	Bottleneck	Leverage	Strategic/Critical
There are many suppliers, and the items have low value, or low strategic impact.	A bottleneck is a hindrance to productivity, efficiency or speed. The term is an analogy to the shape of a bottle that narrows at the neck. A bottleneck is typically a component of a process that is slower than everything that depends on it.	Several suppliers, purchases in large volumes create significant price savings.	Services that can involve a high value contribution and considerable risk (financial, reputational) for the buyer. Here the supplier and University should look to work closely together.
Stationery items, like pencils and paper.	A part for a machine that can only be obtained from a specific supplier.	Valves for a machine that are cheaper if purchased in volume.	Consulting services on major projects, e.g. building construction.
Desktop equipment.	A machine that would halt testing if it broke.	Consumables, like chemicals for labs, or packaging.	Critical software/systems.

A Strategic Positioning tool, known as a Kraljic Matrix, can be used to identify the value/risk profile of an individual contract as shown below and help inform the most appropriate approach to contract management for the particular requirement.



A6.4 The contract signature process

The flowchart below illustrates the process that all contracts must go through in order to be signed.

Contract Preparation and Signature Process

