



# Pacific Association of Supreme Audit Institutions (PASAI)

## Contract Management Policy

### **Access to information**

PASAI members, Donors, International and Regional Partners

### **PASAI Reference Number**

PP\_14\_CMP\_2019

### **Issued and effective**

Approved by the Governing Board on 12 August 2019.

### **Review**

Reviewed in March 2022 and to be reviewed every two years thereafter [next review March 2024]

### **Content**

Policy on contract management

- Management of the Contract Management Policy and Procedures
- Contract Initiation
- Confidentiality requirements
- Implementation and Management
- Related Policy and Procedures Compliance
- Audit

### **Applicable to**

All PASAI office holders and staff

### **Issuer**

Chief Executive of PASAI

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# Contents

SECTION I - PURPOSE AND APPLICATION .....	3
SECTION II - SCOPE.....	3
SECTION III - INTERPRETATIONS.....	3
SECTION IV - POLICY.....	4
• Management of the Contract Management Policy and Procedures.....	4
• Contract Initiation and signing.....	4
• Implementation and Management.....	4
• Related Policy and Procedures Compliance .....	7
• Audit .....	7
SECTION V - EFFECTIVE DATE .....	8
SECTION VI - REVIEW DATE.....	8
SECTION VII - ISSUER.....	8
SECTION VIII - CONTACT AND ACCESS.....	8
SECTION IX - RELATED DOCUMENTS .....	8

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# Contract Management Policy

## SECTION I – PURPOSE AND APPLICATION

1. The purpose of this Contract Management Policy is to ensure PASAI manages the risk associated with legal agreements by providing clear direction to staff responsible for managing Contracts with third parties.

## SECTION II – SCOPE

2. This policy applies to all PASAI staff, including contractors and consultants (referred to in this policy collectively as “the Secretariat”),
3. The policy does not apply to and excludes employment contracts (contracts of service) made in relation to PASAI staff. PASAI staff should be aware that contracts for services should not be used to avoid obligations under the Employment Relations Act 2000 and that there is a legal risk in engaging a person under a contract for services when they should more appropriately be an employee. To assist staff in determining whether or not the person should be engaged as an employee or as a contractor PASAI shall source appropriately skilled legal resource whether made available by the Office of the Secretary-General, or a contracted lawyer or expert in employment and contract law (referred to in this policy as a “legal resource”).

## SECTION III – INTERPRETATIONS

- **Confidentiality Agreement:** means an agreement designed to prevent disclosure of commercially sensitive information to a third party, or into the public domain;
- **Contract:** means an agreement that commits PASAI in legal or financial terms and for the purposes of this policy includes **Pre-contractual Agreements** not intended to be legally binding;
- **Contract Manager:** The PASAI staff member with responsibility for ensuring that the rights and obligations under the Contract are met;
- **Contract Register:** The centralised online, digital repository holding all PASAI Contracts.
- **Legal Resource:** The appropriately skilled legal resource either made available by the Office of the Secretary-General, or a contracted lawyer or expert in the matter at hand.
- **Other Party:** The individual or entity outside PASAI, with whom we have a Contract. There may be multiple parties to a Contract.

## **SECTION IV – POLICY**

### **Management of the Contract Management Policy and Procedures**

4. The Chief Executive shall be responsible for the overall supervision of the management of all PASAI contracts to comply with PASAI policies and procedures and ensure that the terms and conditions of any contract are duly observed by all parties to the contract.
5. A Contract Management Procedures shall be developed by the Chief Executive or delegated staff to implement this contract management policy.

### **Contract Initiation and signing**

6. Contract preparation and negotiation, including any Pre-Contractual Agreements, are governed by PASAI's Procurement Policy. The authority to sign a contract (including a contract variation) is governed by PASAI's Contract Signing Policy.

### **Implementation and Management**

#### ***Service Delivery***

7. The Contract Manager must ensure that the service is being delivered as agreed, to the required level of performance and quality.
8. The Contract Manager and the Other Party must agree a timeline and process for Contract implementation for every contract. The process may be set out in the Contract, or in an ancillary document, but must be documented.
9. The Contract Manager must note key performance indicators included in the Contract in relation to implementation, and make arrangements to ensure that performance is being measured and monitored. Considerations should include:
  - (a) Deliverables against specification;
  - (b) Charges against contract price;
  - (c) Quality against KPIs and/or agreed standards;
  - (d) Identifying opportunities for cost or efficiency gains;
  - (e) Supplier's overall performance ;
  - (f) Identification of lessons learned;
  - (g) PASAI's performance in meeting its obligations under the contract.

### ***Relationship Management***

10. Once implemented, the Contract Manager must ensure that the relationship with the Other Party is being proactively managed.
11. Contract Managers should ensure they hold regular meetings with the Other Party to discuss overall performance; achievement of objectives and key performance indicators and each party's adherence to the contractual terms. The format, frequency and venue of these meetings will be dependent upon the nature of the Contract and should be determined and agreed early on. Minutes and files notes of such meetings must be kept and added to the Contract file.
12. If a material issue arises that has potential to create risk of any type for PASAI, the Contract Manager must advise the Chief Executive/Secretary-General to review the matter to ascertain what action (if any) needs to be taken including involving obtaining appropriate legal resource.
13. If disputes arise they should be dealt with proactively and in accordance with the dispute resolution clauses included in the Contract. The initial responsibility for dispute resolution is with the Contract Manager and the appointed representative of the Other Party. If resolution is not possible and a dispute is likely to escalate, this must be advised without delay to the Chief Executive/Secretary-General, to ascertain what action (if any) needs to be taken including involving obtaining appropriate legal resource. Legal resource should be used when there is any risk that a contract dispute may involve the chance of legal action between the parties as soon as this is considered a possibility.

### ***Contract Administration***

14. Contracts must be monitored in accordance with any monitoring and reporting requirements specified in the contract terms and conditions, and in line with section 9 above.
15. Any Key dates (i.e. annual reviews and meetings) established following the execution of the Contract should be advised to the Chief Executive and staff responsible for maintain the Contract Register for entering into the Contract Register (key dates specified in the contract should have been entered into the coversheet prior to signing and would have been entered at this time).
16. The Contract Manager must ensure arrangements are made with the Chief Executive and staff responsible for proceeding payments to ensure payments to be made or received under the Contract are either invoiced to the Other Party, or paid by PASAI to the Other Party, in accordance with the timeframes specified in the Contract.
17. Compliance with contractual obligations may be monitored by the Chief Executive or Secretary-General, who holds responsibility for reviewing and maintaining the frameworks, systems and policies that support compliance within PASAI.

### ***Contractors Evaluation and Assessment***

18. The Contract Manager must perform a periodic evaluation and assessment of all contractors/consultants depending on the terms and conditions the timeframe of every contract.
19. For a contract of twelve months or less, the evaluation and assessment shall be made at the end of the contract term. Otherwise, the evaluation and assessment shall be done at a 12 month period and at the end of the contract.
20. The evaluation and assessment shall be carried out to ensure service is delivered with quality and according to the specifications in the contract.
21. The evaluation and assessment document shall be available from the Chief Executive.
22. After the evaluation and assessment, the Contract Manager shall report and submit the result to the Chief Executive for consideration, and will be recorded in the Contract Register. Any unfavourable outcome from the evaluation and assessment will be dealt with in accordance to the terms of the contract.

### ***Contract Review, Renewal or Variation***

23. The Contract Manager is responsible for the contract and performance review processes relating to the Contract and must seek guidance from the Chief Executive before initiating and concluding any review, renewal or variation process.
24. Proactive management of all review and renewal processes must be undertaken to secure best advantage. Any request for Contract renewal therefore, should be received or initiated by the Contract Manager no later than the commencement of the final year of the Contract term (or in the case of a Contract term of 12 months or less, no later than 6 months before the renewal or expiry date) unless another date has been stipulated in the Contract. Any request for Contract review, should be received or initiated by the Contract Manager no later 3 months before the review date specified in the Contract, unless another date has been stipulated in the Contract.
25. If the request is to:
  - (a) Renew (or not to renew) the Contract, the Contract Manager must discuss with the Chief Executive and follow the process set out in the Contract, ensuring that deadlines pertaining to notices to be issued or received are met, and that there is sufficient time in the process to address any issues or concerns;
  - (b) Review the Contract, the Contract Manager should follow the process set out in the Contract and:
  - (c) note the date and parameters of the review;
  - (d) obtain advice and guidance from the Chief Executive/Secretary-General so that they can ascertain what action (if any) needs to be taken including involving appropriate legal resource.;

- (e) evaluate the contract;
  - (f) prepare issues for discussion at review time;
  - (g) communicate any issues arising out of the review; and
  - (h) where applicable, document a Variation of Contract (or other agreed action) in accordance with the process set out in 26 below.
26. If the Contract Manager wants to initiate a variation to the terms and conditions of the Contract, or receives a request to do so from the Other Party during its term, check that variations are permitted under the contract and under what circumstances. Variations are usually only permitted with the written approval of each party. Any proposed contract variation should be discussed with the Chief Executive and if the decision is made to proceed with such Variation, it must be prepared and negotiated in accordance with the requirements and procedures specified in this policy. Note also the requirements of the Contract Signing Policy in respect of who may authorize and sign a contract variation.

### ***Records Management***

27. Contracts are classified as Vital Records. Storage, archival and retention of contracts must be in accordance with the record keeping requirements of PASAI. Disposal of Contracts and Contract related records must be undertaken in accordance with the PASAI policies and procedures.
28. The Secretariat must keep a contract register containing details of all key contract milestones. The contract register must also include details of all documentation to support contract administration.

### **Related Policy and Procedures Compliance**

29. All Contracts must be managed in accordance with this policy and the Contract Management Procedure.
30. Contracts involving procurement must comply with the PASAI Procurement Policy. Signing of contracts (including contract variations) is governed by the Contract Signing Policy.
31. Conflicts of Interest arising in the contracting process will be managed in accordance with the PASAI Conflict of Interest Policy.
32. Contracts and Memorandum of Understanding (MOU's) with international institutions must follow the Contractual Management Procedures or relevant procedures and/or International Partnership Agreement.

## **Audit**

33. The Contract Management process may be periodically audited to ensure compliance with PASAI policies and procedures.

## **SECTION V – EFFECTIVE DATE**

The Policy is effective as of 12 August, 2019.

## **SECTION VI – REVIEW DATE**

The Contract Management Policy is to be reviewed within two year from effective date.

## **SECTION VII – ISSUER**

The Issuer of this Policy is the Chief Executive for PASAI.

## **SECTION VIII – CONTACT AND ACCESS**

- i. **Contact.** For questions relating to this Contract Management Policy, please contact PASAI Secretariat at [secretariat@pasai.org](mailto:secretariat@pasai.org).
- ii. **Access.** The Policy can also be accessed at <http://www.pasai.org>

## **SECTION IX – RELATED DOCUMENTS**

- i. PASAI Charter
- ii. PASAI Incorporated Rules
- iii. PASAI Governance Code
- iv. PASAI Code of Ethics Policy
- v. PASAI Conflict of Interests Policy
- vi. PASAI Financial and Asset Management Policy
- vii. PASAI Governance and Operational Policies
- viii. PASAI Gender Policy
- ix. PASAI Human Resources Policy
- x. PASAI Fraud Control Policy
- xi. PASAI Child Protection Policy
- xii. PASAI Health and Safety Policy
- xiii. PASAI Procurement Policy
- xiv. PASAI Contract Signing Policy
- xv. PASAI Risk Management Policy
- xvi. PASAI Guidelines for use of social media