# Policy Five: Contract management and contract disclosure

Context

This policy outlines the requirements for contract management and contract disclosure. It is mandatory for all Victorian Government departments and any public bodies (hereafter referred to as ‘organisations’) that are subject to the supply policies of the Victorian Government Purchasing Board (VGPB) except where supply policies are not mandatory for a public body in accordance with Policy One (Governance).

In meeting the VGPB mandatory requirements, the level of detail in the organisation’s procurement policies and processes will be determined by the Chief Procurement Officer or equivalent and will be commensurate with the organisation’s procurement profile.

The *Contract management and contract disclosure policy* covers two components.

1. **Contract management**

Contract management is the systematic and efficient management of contract creation, execution and analysis for the purpose of maximising financial and operational performance and minimising risk.

1. **Contract disclosure**

An organisation makes specific information available to the community on the contracts it has entered into with a supplier.

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| For further information and advice on applying VGPB policies (including guides, tools and templates), visit the Procurement Victoria website at <http://www.procurement.vic.gov.au>. |

1. Contract management

1.1 Contract management operates at two distinct levels:

* at the level of the organisation as a high‑level contract management planning strategy (CMPS); and
* at the level of individual procurement activity.
	+ 1. **Contract management at the organisational level**

At the organisational level, a CMPS can identify how individual contracts in a procurement category could be managed. It positions contract management issues at the beginning of the procurement planning cycle and allows for the effective allocation of resources.

Developing a CMPS takes place at the beginning of the planning process after identifying procurement categories and carrying out an assessment of complexity.

Figure 1 indicates where the CMPS is considered and developed in the procurement process.

**Figure 1: Contract management at the organisation level**



* + 1. **Contract management at the individual procurement level**

At the individual procurement activity level, contract management is the management of contracts made with supplier(s) to ensure that goods and services are delivered as agreed over the life of the contract and that value for money is consistently achieved. Contract management as a function can extend beyond the current term of the contract where there are ongoing obligations associated with maintenance agreements, warranties and guarantees.

Consideration of contract management issues is relevant across the elements of market analysis and review and market approach.

At the market approach stage of sourcing, it can inform prospective suppliers about the organisation’s intended legal arrangement in delivering the procurement requirement.

Figure 2 highlights the stages at which contract management is considered and implemented at the individual procurement activity level.

**Figure 2: Contract management at the individual procurement level**



1.2 Mandatory requirements

The organisation must manage its contracts in a manner that is appropriate for the complexity and risk of the procurement activity.

At a minimum, the organisation must develop:

* a CMPS for categories of that represent a significant proportion of the organisation’s spend
* a contract management plan for each individual procurement activity that is critical and high risk

The accountable officer must ensure that:

* contracts are managed on behalf of the organisation by people with sufficient capability
* contracts clearly define the performance standards, review mechanisms and deliverables required from the supplier

The organisation must:

* keep an appropriate record of contracts on a contracts register
* monitor contracts to ensure the expiry dates of insurance certificates are current and new certificates are obtained prior to expiry
1. Contract disclosure

Contract disclosure, including disclosure of variations, ensures high standards of probity and transparency in government procurement.

2.1 Mandatory requirements

* + 1. **Contract disclosure**

Organisations must disclose the key details for contracts (excluding contracts under head agreements), with a total estimated value equal to or exceeding $100,000 (including GST) within 60 days of the award of a contract on the contract publishing system, the Tenders VIC website.

**Disclosure relates to:**

* a head agreement
* individual procurement contracts that are not contracts under a head agreement

**Key details for disclosure include:**

* Contract details:
	+ contract number
	+ contract title
	+ type of contract
	+ total estimated value of contract or SPC/SEPC
	+ start date and current term of contract
	+ category
* Organisation details:
	+ organisation
	+ contact person
	+ contact number
	+ email address
* Supplier details:
	+ name of supplier
	+ Australian Business Number or Australian Company Number

Organisations must disclose full contract information for contracts with an estimated value exceeding $10 million (including GST) on the contract publishing system. Only trade secrets or genuinely confidential business information will be withheld from voluntary disclosure, along with material which if disclosed would seriously harm the public interest. The Government will be guided by the criteria established by Parliament in the *Freedom of Information Act* 1982.

Organisations are to develop protocols and procedures detailing such exemptions from disclosure.

* + 1. **Variation disclosure**

Each individual variation, or variations with a cumulative value exceeding $100 000 (including GST) must be disclosed on the contract publishing system against the contract to which the variation relates. The estimated value of the variation and the adjustment to the total estimated value of the contract must be noted on the contract publishing system.

This policy is one of five Victorian Government Purchasing Board (VGPB) policies.

For more information regarding VGPB Supply Policies refer to [this link](http://www.procurement.vic.gov.au/Buyers/Policies-Guides-and-Tools).

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